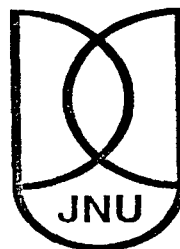


**NEOLIBERAL CONCEPTION OF CIVIL SOCIETY:
CONSEQUENCES FOR DEMOCRACY AND
DEVELOPMENT**

Dissertation Submitted to the Jawaharlal Nehru University in
partial fulfillment of the requirements for the award of the
degree of

MASTER OF PHILOSOPHY

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DECLARATION

This is to certify that the dissertation entitled "*Neoliberal Conception of Civil Society: Consequences for Democracy and Development*" submitted by me is in partial fulfillment of the requirement for the award of the degree of Master of Philosophy of Jawaharlal Nehru University. This dissertation has not been submitted for the award of any other degree in this University or any other University and is my own work.

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CERTIFICATE

I recommend that this dissertation be placed before the examiners for the evaluation.


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To my parents

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Chapter: I
Introduction

Chapter 1

Introduction: Neoliberal Conception of Civil Society

This work is primarily based on the ‘neo-liberal conception of civil society i.e. social capital and its consequences for democracy and development’. It has been divided into five chapters. The first chapter introduces the topic and relates civil society to the newly constructed concept of social capital. It reveals that how recent formulation of civil society is linked to the project of neo-liberalism. It also tries to expose that how it serves a particular ideological agenda. It provides a critique of the contemporary usages of the concept. Nevertheless, this work aims to show how often the work of well intentioned social scientists derives from and contribute to a hegemonic social science that systematically ignores power, class and politics.

Of late, social capital has gained a lot of significance and is regarded as a vital component in developmental activities. Now it is proclaimed by the World Bank to be the ‘missing link’ in international development. The second chapter presents a conceptual analysis of social capital. It covers a wide range of literature on social capital. It deals with the meaning and various interpretations and critically examines its varied uses/abuses. The aim of this chapter is to give an overview of the concept of social capital, trace its origins, and identify different theoretical underpinnings behind the concept and its use in different areas. It deals in some detail with the understanding of the three main proponents of the social capital, namely Pierre Bourdieu, James Coleman and Robert Putnam. In the second section of this chapter I have presented a critique of social capital.

The third chapter discusses the relationship between social capital and democracy, and argues that the understanding of social capital that has become incorporated into democratic governance is the social capital of Robert Putnam, in which the term is both combined with notions of civil society and assumed to be a principal engine of democratic government and economic growth. The chapter reveals that Putnam’s arguments, however, are deeply flawed and have little empirical or theoretical support. This chapter critically examines social capital and its relationship with associational life and democracy. The chapter also identifies the absence of political conflict, political institution, power and class relations as a peculiar feature of dominant social capital theorization in general and Putnam’s account of Italian politics and history in particular, and we explore the implications of its

absence for the theoretical conclusions Putnam reaches and the generalizability of the findings he presents. The chapter also provides some empirical studies and argues that the relationship between social capital and democracy is context-dependent.

The fourth chapter on "Social Capital and Development" argues that contemporary interest in social capital by development theorists, funders, and practitioners, is misguided and needs to be thoroughly rethought. It argues that social capital, as understood by Robert Putnam and people influenced by his work, is a fundamentally flawed concept because it fails to understand issues of power, politics and class relations in the production of communities and is divorced from economic capital. Therefore, development practice based on this understanding of social capital is, and will continue to be, similarly flawed. Before making these arguments, however, this chapter briefly discusses the concept of social capital and how it has evolved through its use by Loury, Bourdieu, Coleman and then, ultimately, Putnam and his followers.

The chapter discusses the meanings and uses of social capital and critically analyzes its relationship with development and argues that its recently acquired privileged position in economic development is misguided. It seeks to examine that how the World Bank is using this concept for its own purposes. To be specific, however, this chapter is not an argument that social capital does not matter or that it is not an important component in the production and reproduction of individual success and class status. Instead, the argument is that we need to be very careful about how we define and use the term social capital. The chapter further argues that instead of Putnam's understanding of social capital, development practices would be better served by returning to the way the concept was used by Glenn Loury and Pierre Bourdieu and concludes with a discussion of how these alternative theories of social capital can be realized in development practice. The approach of this chapter is one which seeks to bring both the state and political agency back in. I proceed by first expanding upon the critique of the idea of social capital, because this brings out the significance of political contexts. The fifth chapter is on the concluding observations.

In this introductory chapter, firstly I will make an effort to define the concept of civil society and discuss its meaning. The chapter will focus on Marxian and Gramscian concept of civil society and critically examine the neoliberal construct of civil society and its emphasis on social capital. Civil society is a concept that has been around for a long time. In fact, it has a very prestigious history. Its rise coincides with the rise of capitalism and the evolution of the modern state in the Weberian sense of rational-legal structures of governance. Steeped in the Western philosophical tradition, civil society has distinct roots.

One can see different varieties of definitions and interpretations of this term. There is a tradition that can be traced back to John Locke, Thomas Paine and De Tocqueville -- the liberal tradition. Though there are differing nuances within this tradition, one of the significant aspects is that civil society is considered a 'natural condition' for freedom, and a legitimate area of association, individual action and human rights. Locke emphasizes the need for a state to restrain conflict between individuals in society. Locke's most important contribution is his emphasis on the need to limit the sovereignty of the state in order to preserve individual freedoms derived from natural law. Tocqueville was alarmed not only by the prospect of a powerful state but also by the prospect of the tyranny of the majority. He treated associations as the most effective bulwark against this double threat to individual citizens. He saw self-governing associations as being able to mediate the popular will and thereby provide the basis for stable self governance. Such a civil society also educates the citizenry and scrutinizes state actions. It facilitates distribution of power and provides mechanisms for direct citizen participation in public affairs. Thus the notion of civil society came to be seen in opposition to the State: it allowed space for democracy and the growth of markets.

The classical political economy tradition of civil society emanated from the works of Adam Ferguson, Adam Smith and J S Mill. This stream of thinking perceived civil society as a sphere for the satisfaction of individual interests and private wants. This perspective stressed the primacy of individualism, property and the market. Another stream of civil society discourse can be traced back to Hegel, Marx and Gramsci. This stream can be seen as a critique of the liberal and classical political economy tradition. This perspective interpreted civil society as a historically-produced sphere of life rather than the natural condition of freedom. This tradition questioned the notion of an idealized civil society and recognized the internal contradictions and conflict of interests within civil society. For Hegel, civil society was sandwiched between a patriarchal family and the universal State. Though Hegel questioned the idealized notion of civil society, he tended to idealize a universal State. By challenging the idealization of both State and civil society, Marx argued that the contradictions within civil society are reproduced within the State. For Marx, the State is not merely an external force that confronts civil society, but the reflection of it, wherein different interest groups penetrate the State to rule. Both Hegel and Marx pointed out the role of the elite in defining the character of civil society. Gramsci emphasized civil society as the realm of public opinion and culture. It is the public sphere where hegemony is created through consent and coercion.

Marx picks up on this idea when suggesting that in capitalist systems civil society is associated with the bourgeoisie. Marx assumed that civil society, therefore, was a captive of prevailing economic structures and could not by itself change these. A revolution that transcended the civic boundaries of civil society was required for such a project. Gramsci, the most prominent Marxist analyst of civil society, bypasses the economic determinism of his intellectual mentor by arguing that associations are the mechanisms for exercising control in society. They are independent actors and should not be overlooked as mechanisms for changing the conditions of workers and peasants in society. The power that the dominant class has over others can be overturned through the development of counter-hegemonic associations that represent alternative norms for how to develop society.

Marx maintained Hegel's historical specification of civil society as product of capitalist development and elaborated its relationship to political economy. He saw civil society as the province of the bourgeoisie that dominates the state. Unlike Marx whose conception of civil society was material at base, Gramsci conceptualized civil society in cultural and ideological terms thereby extending recognition to ideological and cultural values as mechanisms for directing, disrupting, and even redistributing power.

A note of clarification is due with regard to the valorization of struggle in civil society called for in Gramscian political philosophy, since this stream harbours a potential for abuse as "progressive" credential by members of internationally financed civil society organizations. Here it is important to emphasize the framework of class struggle with which Gramscian civil society is associated. Although Gramsci saw that the organizations of civil society thwart the state's infringement on personal autonomy, he simultaneously considered civil harmony to be a manifestation of the ideological compatibility between the state and civil society. His conceptualization remained distanced from the civil society- state dualism: "He saw civil society as an essential leg of bourgeois rule in liberal states. Through it the ruling class established its political and ideological hegemony over society. For Gramsci, this hegemonising function was the unifying principle of civil society. To counter bourgeois hegemony, Gramsci argued for class struggles in civil society.¹ To follow Gramsci: it is the site of hegemony a space that is itself politically constructed. Gramsci regarded civil society as an integral part of the state; in his view, civil society, far from being inimical to the state, is, in fact its most resilient constitutive element, even though the most immediately visible aspect of the state is political society, with which it is all too often mistakenly identified. He was convinced that the intricate, organic relationships between civil society and political society enable certain strata of society not only to gain dominance within the state but also,

¹ Kumar, Sanjay. 2000. "Civil Society in Society," *Economic and Political Weekly*, July 29.

and more importantly, to maintain it, perpetuating the subalternity of other strata. To ignore or to set aside these crucial aspects of Gramsci's concept of civil society is tantamount to erasing the crucial differences that set his theory of the state apart from the classic liberal version.

What Gramsci advocates however is a civil society that incorporates the working class and its syndicates, workers associations and parties that constitute the foundation of the state that Gramsci idealized. Thus, Gramsci introduces culture or ideology as a new field of conflict and elevates civil society to the expression of capitalist alienation and oppression of the working class.² Buttigieg argues that:

“The main question addressed by Gramsci has nothing to do with the desirability of otherwise of a strong state; indeed, Gramsci is even more radically committed whittling the coercive power of the state than the most dogmatic libertarian. Gramsci, however, also recognizes that coercion and domination by force are not the only, nor necessarily the most effective, means of control and subordination in society. He, therefore, explores aspects of the state, and of civil society in particular, that liberal theory is loath to examine—namely, the relations of power and influence between political society (e.i. what the liberals call “government” or “state”) and civil society (i.e., the “private sector”, in liberal vocabulary), which mutually reinforce each other to the advantage of certain strata, groups, and institutions. Thus, for Gramsci, civil society is best described not as the sphere of freedom but of hegemony. Hegemony, to be sure, depends on consent (as opposed to coercion), but consent is not the spontaneous outcome of “free choice”; consent is manufactured, albeit through extremely complex mediums, diverse institutions, and constantly changing processes. Far from opposing liberal demands for a minimal state and an extension of the sphere of civil society, Gramsci's elaboration of the Marxist theory of the state exposes those apparatuses and processes of power at work in civil society, as well as in the relations between civil society and political society that liberal theory generally ignores. His purpose is not to repress civil society or to restrict its space but rather to develop a revolutionary strategy (a “war of position”) that would be employed precisely in the arena of civil society, with the aim of disabling the coercive apparatus of the state, gaining access to political power, and creating the conditions that could give rise to a consensual society wherein no individual or group is reduced to a subaltern status³.” (p-6-7)

What about the fragmentation and lack of leadership among the increasing number of destitute, powerless people—bereft of hope—in the mist of affluent societies? These are the questions that Gramsci's writings on civil society should compel us to reflect on. Civil society is not some kind of benign or neutral zone where different elements of society operate and compete freely and on equal terms regardless of who holds a predominance of

² Bishara, A. 1998. *Civil Society: An analytical study*. Beirut. p-200- 210.

³ Buttigieg, Joseph. 1995. Gramsci on Civil Society, *Boundary 2*, 22 (3), p-1-32.

power in government. That would be liberal view, which misleadingly portrays the formal restraint imposed upon the use of force held in reserve by the governmental apparatus of the state as a boundary line that demarcates the separation between the state and civil society. The pervasiveness of this neo/liberal view is such that it is often skewed discussion of Gramsci's theory of hegemony and of his concept of civil society- specifically, those discussions that highlight the distinction between coercion and consent, between civil society and political society. In reality, Gramsci's writings aim to expose how domination of political society and leadership of civil society actually reinforce each other, how the power of coercion and the power to produce consent are intertwined. To be sure, Gramsci does distinguish between political society and civil society⁴, but he does so primarily for the purposes of analysis, since the apparatuses of one are quite different from the apparatuses of the other.

The cornerstone of the liberal critique of the state is their advocacy of the expansion and privileging of civil society. Implied in this is the assumption about civil society as non-stratified and homogenous. In this chapter I have looked into the historical emergence of the notion of civil society to point out: how the notion of civil society as a separate (and against the state) category itself is part of the neo/liberal paradigm.

Historically, the notion of civil society re-surfaced during the eighteenth century. The dualism of state and society and contemporaneously civil society, emerged for the first time, along with the decline of the feudal polity and the emergence of middle classes. Thus, under Locke's social contract, individuals surrendered all their powers and rights to the collectivity of 'civil society' and 'state' in return for the protection of their property. By the mid-nineteenth century, 'civil society' implied formal (limited) legal equality, the protection of property and constitutionalism. The liberalism (articulated by Adam, Ferguson and Bentham) posited civil society as 'self-regulated society' against the state.⁵ 'It ...laid the foundation.....to ex-nominate capitalist social organization: economic man and minimal state; so that during the twentieth century it culminated into a critique of welfarism- as the Road to Serfdom- by Hayek and- "End of History" by Fukuyama'.⁶ So, '...wider the range of activity covered by market...fewer the issues on which government is necessary, the greater is the likelihood of getting agreement while maintaining free society...'.⁷

⁴ Gramsci, A. 1971. *Selections from Prison Note book*, trans. From It. By Quintin Hoare & Geoffrey N. Smith, London: International Publishing Company. 4: 38.

⁵ Williams, Raymond. 1976. *Keywords: A Vocabulary of Culture and Society*. Oxford: OUP.

⁶ Upadhyaya, P C. 1992. *The Failure of Socialism as the Triumph of Democracy? A Critique of the post-socialist Consensus*. Occasional Papers, LXIII. N. Delhi: Nehru Memorial Museum and Library. P-91.

⁷ Friedman, M. 1963. *Capitalism and Freedom*, Chicago University Press. p- 24.

In this invocation of the 'invisible hand' of the market, democracy also got equated with abstract legalism. However, a critique of this notion of civil society and democracy was put forward simultaneously by Rousseau:

"The origin of society and law, which bound new fetters on the poor, and gave new powers to the rich; which irretrievably destroyed national liberty, eternally fixed the law of property and inequality, converted cleaver usurpations into unalterable right, and, for the advantages of a new ambitious individuals, subjected all mankind to perpetual labour, slavery and wretchedness..."⁸

The more severe criticism of this dualism of civil society versus state, however, came from Marx:

"...neither legal relations nor forms of state could be grasped, whether by themselves or on the basis of a so-called general development of the human kind, but on the contrary they have their origin in material conditions of existence, the totality of which Hegel, following example of Englishmen and Frenchmen of the eighteenth century, embraces with the term 'civil society'; that the anatomy of this civil society has to be sought in political economy..."⁹

Civil society, thereby, can not be seen as autonomous from the socio-economic and political processes and also from the state.¹⁰ By ignoring the dynamic intervening of state and society, the neo/liberals forget that state and society are interdependent and that they interpenetrate in a multitude of different ways. The civil society-state dichotomous model derived from certain academic studies and applied in the formulation of projects of "democratization" and "development" effectively conceals the political economy of underdevelopment and the predictable ineffectiveness of the neo-liberal remedies prescribed by the global aid industry and increasingly administered by NGOs. Here it is worth reminding that civil society is generally a referent to a variety of voluntary associations which serve as "buffers" between the state and citizen, not a substitute for the social functions/responsibilities of the former. In this regard Gurpreet Mahajan finds problematic the definition of democracy in terms of the proliferation of voluntary associations and non-governmental agencies. She brings into question the related perverse logic according to which the retreat of the state from the public arena, not its provision of equal rights to all citizens, is privileged as a hallmark of democracy.¹¹ For nowhere in the history of civil society has it been conceptualized as an alternative to or as independent of the state. For De

⁸ Colletti, L. 1978. *From Rousseau to Lenin: Studies in Ideology and Society*. OUP. p-165.

⁹ Marx, K. 1975. 'The first Thesis on Feurbach' in his early writings, trans. by R. Livingstone & G Benton. Harmondsworth: Penguin.

¹⁰ Block, F. 1987. *Revisiting state theory: Essays in politics and postindustrialism*. Philadelphia: Temple University Press.

¹¹ Mahajan, Gurpreet. 1999. "Civil Society and its Avatars," *Economic and Political Weekly*. May 15.

Tocqueville civil society limits the state, for Hegel civil society is a necessary stage in the formation of the state, for Marx civil society is the source of the power of the state, and for Gramsci civil society is the space where the state constructs its hegemony in alliance with the dominant classes. Not only are the state and civil society a precondition for the other, but the logic of one constitute the other.¹² However, today the two have been separated in the neoliberal conception of civil society. The delinking of the state and civil society has greatly impoverished our understanding of both the concepts. Chandhoke suggests that their can be no theory of civil society in abstraction from the state and vice versa.¹³ She further elaborates:

“A democratic state requires a democratic civil society. The problem with the liberal discourse which privileges civil society is that it is self-referential, that is, it is constructed around the formal themes of political democracy, participation and rights. It is profoundly indifferent to the ability or the inability of the inhabitant of civil society to participate in the sphere of discussion and debate on equal terms. It is simply a primitive form of conceptualization. This discourse needs to be subjected to critical expansion, and it is the work of Hegel, Marx and Gramsci which gives us a more discriminating view of civil society. These contributions have revealed that, far from being havens of democracy, peace and good will, civil societies have notoriously oppressed their own inhabitants. This implies- as a public domain of expressed politics civil society is a restricted public sphere, since those who are oppressed and marginalized are necessarily excluded from ‘democratic’ deliberations”.¹⁴

Buttigieg rightly emphasizes that Gramsci’s distinctive approach to the analysis of civil society is however, much more valuable, - an approach, critical method, that should animate a new series of inquiries into the present condition of civil society in different parts of the globe. The results of such inquiries are likely to be disconcerting; this should come as no surprise, for the *prison notebooks* remain a poignant document not because they provide ready made explanations but they raise difficult and unsettling questions and are an antidote to complacency- the sort of political and intellectual complacency that has taken hold on civil society since 1989.¹⁵

The point that I am trying to make with this quick review of the philosophical contributions to the definitions of civil society is that they all reflect the simultaneous growth of state, market and society and how relations among them should be organized.

¹² Chandhoke, Neera. 2003. *The Concepts of Civil Society*. OUP. p-11.

¹³ Chandhoke, Neera. 1995. *State and Civil Society: Explorations in Political Theory*. Sage:N. Delhi. p-13.

¹⁴ Chandhoke, Neera. 1995:12.

¹⁵ Buttigieg:1995:32.

In the second coming of the civil society in the late-'80s and through the '90s, the predominant trend has been a resurrection of the tradition of Adam Ferguson and Adam Smith, with a doze of Tocqueville's liberalism. Thus the ongoing civil society discourse has a strong neo-liberal undercurrent. The new civil society discourse seems to be a plea for the supremacy of the free market and rolling back of the State.

The current idealization of concept is not only far from reality but also incompetent to address the complexity of the issues of marginalization, conflicts and poverty. The new holy trinity of the State, Market and Civil Society conceals structural inequalities, marginalization and patriarchy, and reduces complex reality into neat spaces. The revival of the concept of civil society has been within the framework of neo-liberalism. The concept of civil society and the companion term NGOs became integral to the dominative development discourse. The tendency of equating civil society with NGOs, voluntary associations, and social capital is the neo-liberal construct. Against the notion of public responsibility, the NGOs foster the neo-liberal idea of private responsibility for social problems and the importance of private resources to solve these problems. There is a crisis of legitimacy when NGOs are paraded as Civil Society Organizations. The moral and political assumptions behind such a description are very much in tune with the neo-liberal agenda.

The failure of the state and the prominence of neo-liberalism as defined by economic and political liberalization have led to the euphoric embrace of neoliberal conception of civil society- non-governmental organizations as the panacea for democracy and development in the 1990s.

As NGOs came to be regarded as "grass roots" organizations representing community interests, these voluntary associations have been considered as an alternative to national governmental institutions by the international development assistance. It is often regarded as providing a framework for privatizing the functions of governments. As Chandhoke states that funding agencies were equally swift in harnessing civil society to their neoliberal, market-friendly policy prescriptions. In fact, the contemporary invocation of a thinned out civil society perfectly fits a minimalist version of democracy. For if the state has to be rolled back from social sectors and the market in the name of furthering democracy. As part of a neo-liberal agenda, civil society has been relentlessly and deliberately stripped of its ambiguities, its dark areas, and its oppressions, and presented to us as an area of solidarity, self-help, and good will. More importantly, these formulations present civil society to us as independent of, and as an alternative to, the state.¹⁶

¹⁶ Chandhoke:2003:9-13.

The neo-liberal conception of civil society developed by University of Chicago scholars Hayek, Friedman, and Buchanan argues¹⁷ that autonomous civic associations will certainly develop within society, but the state should not interfere to promote their development lest it come under assault by groups seeking state benefits. Societal interests are best expressed through periodic elections, for groups distort information about what society truly wants.

I have presented a brief overview of the Western roots of the civil society concept. Beginning with the more recent perspective on civil society, one significant debate has centered on the role of social capital. Michael Edwards argues that one of the schools of civil society is the social capital school—like Putnam sees associational life in general as the driving force behind the positive social norms on which the good society is founded—things like cooperation, trust and reciprocity, or social capital to use his language¹⁸. Many analysts dislike this concept because of its affiliation with economic thought, but the point is that social capital has become current in the ongoing democracy and development discourse and like other popular concepts it must be subject to critical analysis.

Social capital generally refers to the generation and nurturing of trust and reciprocity. There is reasonably broad dis/agreement about this basic definition. The common assumption associated with the concept is that it produces positive outcomes for society. The prescription, therefore, tends to be: the more the better! Social capital, however, comes in different forms and currencies. Putnam's formulation of social capital has been the most influential. I believe that Putnam's notion of social capital is problematic and overlooks other aspects that are equally important.

The dominant usage of the concept in international development agencies refers to the creation of civic values reflecting the civil society definition of Alexis de Tocqueville. There are an increasing number of actors in the global arena, however, who feel constrained by this mainstream usage of the concept of civil society.

Perhaps the most persuasive recent version of civil society is that of Robert Putnam. The problems in his version of civil society are highlighted by Foley and Edwards:

“Firstly, both Putnam's assessment of the state of “civil community” in the United States and his account of regional government in northern Italy underestimate the ability of newer organizations, and of specifically political associations such as social

¹⁷ See Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962); James Buchanan, *The Limits of Liberty: Between Anarchy and Leviathan* (Chicago: University of Chicago Press, 1975); Friedrich von Hayek, *Law, Legislation, and Liberty* (Chicago: University of Chicago Press, 1976).

¹⁸ Edwards, Michael. 2004. *Civil Society*, Cambridge: Polity.

movements and political parties, to foster aspects of civil community and to advance democracy. Second, talk about "networks of civic engagement" glosses over the real, and often sharp, conflicts among groups in civil society. These conflicts, in the absence of specifically political settlements, may spill over into civil disruption and violence. Third, and most important, to understand any polity we must look first at the political settlements that ground it, and to the effects that such settlements have on social forces and civil society. Taken together, our objections suggest the problematic character of both Putnam's definition of civil society and the larger civil society argument itself."¹⁹

He further elaborates that the broader civil society argument ascribes a variety of functions to civil associations. Putnam's discussion focuses on a narrow, though seemingly powerful, segment of them. For Putnam, the chief virtue of civil associations lies in their capacity to socialize participants into the "norms of generalized reciprocity" and "trust" that are essential components of the "social capital" needed for effective cooperation. Civil associations provide the "networks of civic engagement" within which reciprocity is learned and enforced, trust is generated, and communication and patterns of collective action are facilitated. These are horizontal networks, as opposed to the vertical networks of patron-client arrangements.

The dominant conception of civil society's antipathy towards political parties and 'statist' politics and affinity towards thinned out theorization of civil society emanate from the neoliberal framework of civil society as a counter to the State. This new discourse on civil society is part of a general trend that assumed prominence in neoliberal thinking in the context of the collapse of the welfare state in the seventies.

The dominant conceptualization of civil society is useful to neoliberal globalization — not only to replace the public sector with private sector — but also to shift the burden of social service provision to the shoulders of people themselves under the garb of participatory people's alternatives. It is no wonder that the biggest votaries of civil society today are none other than the World Bank, USAID, UNDP, Ford Foundation, and so on. Regarding the idealization of civil society, neoliberal agencies are responsible in a subtle way. The World Bank defines civil society as the whole of the private sector led by NGOs and has established an executive wing called the 'World Bank / NGO Committee'. For the World Bank, market and civil society are synonymous; it defines the growth of democracy and 'good governance' in Afro-Asian-Latin American countries in terms of the degree of replacement of the traditional political sphere by civic action.

In this context, the neoliberal agencies' new-found affinity to civil society arises directly from their reluctance to recognize the existence of class society and class struggle. In

¹⁹ Foley and Edwards. 1996. The Paradox of Civil Society, *Journal of Democracy*, 7.3, p-40.

contrast to this, according to working class positions firmly rooted in historical materialism, the so-called 'civil society' is a class society. In other words, dominant groups in civil society are always legitimized and sheltered by the State which exercises effective power through the hegemonisation of civil society. Rather than understanding state and political power as extensions of so-called civil society, neoliberalists are placing both state and civil society in watertight compartments. In fact, neoliberal agencies are now resorting to a neo Gramscian interpretation (which views Gramsci through a post-Marxist angle) on civil society as the site of radical and plural struggle against coercion by the State. They do this by negating his central emphasis on class and discarding the essentially dialectic and continuous relation between state and civil society that he stressed.

The new avatar of civil society discourse raises more questions than answers. There are reasons that compel us to question the new-found enthusiasm for the civil society: a) As a concept, it conceals reality and confuses people; b) It tends to idealize the civil society while glossing over the internal contradictions in society; c) It tends to relieve the State of its social responsibilities and seeks to legitimize free-market, neo-liberal regimes.

Gramsci's concept of civil society, unlike the predominant (Tocqueville-inspired, Putnam- revised) conception of civil society sees a potentially negative, as well as potentially positive, role for this sphere of social activity.²⁰ Civil society is a notion from the deep social cleavages produced by capitalist society; social divisions which have deepened under neo-liberalism. There is as much conflict within civil society, between classes, as there is between civil society and the state. The normative concern of civil society is that no social group, category or institution should effectively monopolize the bases of power and resources of the society so as to exclude the possibility of other groups having access to power. Therefore, one of the ultimate objectives of civil society should be to shift power relations in favour of the poor and vulnerable.

Most academic writers on civil society warn against romanticizing the concept and loading it with the virtues of freedom, equality, and liberty independently from the state. Two points are instructive here. First, civil society is perhaps best understood as "a realm of association interpenetrated by the state"²¹. Second, academic writers offer practical advice to those who wish to foster the virtues of civil society. The values attributed to civil society - freedom, equality, participatory planning, autonomy - will become empty slogans without the parallel existence of the formulation, application and conflict mediating functions of a

²⁰ Browsers, Michaëlle. 1998. Gramsci, Civil Society and New Trends in Arab Leftist Discourse, *International Gramsci Society Newsletter*, No.8, May:17-18.

²¹ Kumar, K. 1993: 'Civil Society: an inquiry into the usefulness of an historical term', *British Journal of Sociology*, 44(3): 375-395.

state. A 'vibrant civil society', the theme promoted in much contemporary development policy, depends on the capable and articulate administrative apparatus potentially available only in the state. Stressing the distinction and dichotomy between the two, therefore, can obscure the network of social practices which bind them together and, in practice, can foster ill-conceived interventions which promote civil society over the state and lead, paradoxically, to unintended effects which are detrimental to the interests being expressed in civil society.

The argument I outline here is that existing (Putnamian) conceptions of how civil society relates to democracy and state are built on limited understanding of groups and ideas in the state-society connection (relation). Putnam firstly downplays or rejects the role of specifically state, political associations and movements in his portrait of the "civil community." Second, in describing civil society itself, he considers that horizontally structured groups capable of "cutting across" salient social cleavages are likely to achieve the effects more generally attributed to civil society. Chandhoke rightly points out:

"Putnam's concept of social capital has proved to be phenomenally influential as now formulations on a variety of themes hail the generative properties of social associations as a precondition for civil society. Obviously, scholars, tired of conflict-centered analysis of civil societies and the state, of power, and of struggle, have enthusiastically embraced a concept that promises redemption. Whether the concept stands up to scrutiny is, however, more doubtful."²²

Current discourse on social capital obscures the profound class division, class exploitation and class struggle that polarize contemporary civil society. While neoliberalism is currently ascendant across much of the developing world, market-led strategies with the incorporation of concept of social capital have tended to create sharp divisions between winners and losers. The resulting social polarization is incompatible with long term political and economic stability. Dissatisfaction with the results of neoliberal reforms is widespread and promises to simulate the continued search for alternative paths to democracy and development.

The literature on civil society and development do not pay sufficient attention to the fact that participants in civil society in poorer countries tend to come from the middle and upper-middle classes, which creates at least a potential for the influence of civil society on public policy to contribute to an increase in inequalities among different social strata.²³

²² Chandhoke:2003:58-64.

²³ Clarke, G. 1998. NGOs and Politics in the Developing World. *Political Studies* 66:36-52.

The idea of social capital which is in vogue is firmly rooted in neoliberal political thinking. By emphasizing the supposed benefits of social capital, international institutions like the World Bank, and western donor governments, have been able to use widespread popular enthusiasm for strengthening social capital as a means of encouraging such fundamentally neoliberal values as the withdrawal of the state etc without calling this 'neoliberalism'. They also have been able to associate contested elements of neoliberalism, such as a preference for a small state sector, with the development of civil society. In the short run, it is much easier to gain public acceptance for contracting out state activities if they are, or may be, contracted to organs of civil society, than it is when they are contracted to private corporations. However, Pearce²⁴ notes that NGOs that cooperate in implementing neoliberal policies frequently lose legitimacy with their public.

The vision of a "lean" and rolled-back state along with a self-organizing dynamic of mutual support is part of what has generally been described as 'neoliberalism'. Whenever state and society are thought to be independent entities, civil society appears as neutral terrain of conflict resolution, and its material constitution - the conditions and principles of its operation - remains obscure. According to Gramsci, civil society as specifically bourgeois form of self-organization serves to establish cultural hegemony: the concept of a "civic" or civil society itself turns into a terrain of social conflict and counter-hegemonic contestation. The question is whether the concept of a "civic" or civil society can be shifted from its neoliberal connotations toward a more radical reappropriation of the political.

It has been pointed out by many scholars that civil society serves the Washington Consensus to further the project of neoliberalism.²⁵ Based on close readings of Marx and Gramsci I have argued that the discourse of civil society now serves neoliberalism quite well. However, we should not neglect much more negative possibilities. No actual civil society is likely to incorporate and represent all social groups equally²⁶. Given inequality in the composition of civil society, and in the influence of different component organizations, civil society may sometimes provide support for maintaining or increasing inequalities, and for political domination by one social sector over others. Even if we exclude groups that pursue their goals by uncivil means from our understanding of civil society, South Africa under *apartheid* may have had the strongest civil society in sub-Saharan Africa. Some parts of that civil society struggled heroically to overcome *apartheid*, but, on balance, the net effect of

²⁴ Pearce, J. (2000). Development, NGOs, and Civil Society: the debate and its future. In: Pearce, J., ed. *Development, NGOs, and Civil Society*. Oxford: Oxfam GB, pp. 15-43.

²⁵ Goonewardena, Kanishka. 2004. The Desire Called Civil Society: A Contribution to the Critique of a Bourgeois Category, *Planning Theory*, Vol. 3, No. 2, 117-149.

²⁶ White, G. 1994. Civil society, Democratization and Development (I): clearing the analytical ground. *Democratization* 1(3):375-390.

South Africa's unrepresentative civil society in that era probably was to reinforce *apartheid*, and to resist democratization.

It has already been pointed out earlier that the recent interest in civil society is by social capital school of Putnam. The Toquevillian orientation of Putnam's work leads to a devaluation of 'political' civil society. Putnam's narrow focus on 'apolitical' associations thus precludes the possibility of oppositional activity within civil society. 'The Toquevillian approach championed by conservative liberals puts special emphasis on the ability of associational life to foster patterns of civility in the actions of citizens in a polyarchic democracy'.²⁷ Many critiques point to an important lacuna in the associational view of civil society: its avoidance of politics.²⁸ Associational life may support democratic institutions, as Putnam argues, but when these institutions are absent or ineffective civil society can detract from democracy. Historical evidences confirm the point that there is no causal relationship between strong civil society and democracy. In fact, in some cases, strong civil society may contribute to the building of its antithesis- an authoritarian state. Sheri Berman argues²⁹ that in the 1920s and 30s, Germany was unusually rich in associational life, with many people belonging to the sorts of professional and cultural organizations that are thought to be mainstays of pro-democratic civil society. Berman argues, however, that not only did Germany's vibrant civil society fail to solidify democracy and liberal values; it subverted them. Weak political institutions were unable to respond to the demands placed on them by many citizens' organizations, leading the latter to shift their allegiance to nationalist, populist groups and eventually to the Nazi Party. In the end, the density of civil society facilitated the Nazi's rapid creation of a dynamic political machine. Putnam's analysis is easily undermined by the empirical evidences. Whether civil society activity has positive or negative consequences for democracy and development depends in large part on the response of political institutions.

Social Capital and Civil Society

I have so far tried to argue that the current focus on civil society is by social capital school of Robert Putnam which is grounded on neoliberal conception of civil society. In this section I briefly outline the linkages and relationship between social capital and civil society. Social capital plays a more microscopic role, while civil society plays macroscopic role. Patrick Kilby, in describing the relationship between civil society and social capital, explains that, while civil society represents non-governmental institutional arrangements of

²⁷ Foley and Edwards:1996: 39.

²⁸ Elliott, Carolyn M. 2003. *Civil Society and Democracy: A Reader*, OUP. p-16.

²⁹ Berman, Sheri. 1997. "Civil Society and the Collapse of the Weimar Republic." *World Politics*, 49 (April), 401-29.

society in governance, social capital describes the underlying social relationships from which these institutional arrangements emerge. This description implies the difference in scale between the two concepts. Civil society is a group concept used to affect change at the level of a large community. It is used in maintaining social norms within a town, lobbying a national legislature to decrease taxes, or in proposing a worldwide summit to promote women's rights. As such, civil society operates at a macroscopic level. This is unlike social capital, which can operate both microscopically and macroscopically. With every relationship, bond of trust, obligation, or expectation, a marginal unit of social capital is added. Further, social capital can be generated in public *and* in private. Just as it is generated on Capitol Hill as people lobby to pass a bill, it is generated in families as children form bonds of trust with their mothers.³⁰

Putnam confuses social capital with a particular neo-Tocquevillean reading of civil society. This transition has two important implications for democracy and development practice. First, this reading of civil society assumes that social capital and civil society are almost always good things that enable people to act toward their shared interests and goals, based on the trust, norms, and values that develop through their associations. But this is, at best, a highly selective reading of civil society. Putnam bases his understanding of civil society on the popular simplification of the views de Tocqueville expressed in 1835 in *Democracy in America*. But Tocqueville's view of civil society is both much more complex than Putnam and his followers acknowledge, and further, it is but one in a very long, and highly contested, history of debate about civil society in Western thought. As Foley and Edwards correctly observe:

"Tocqueville argues that America's associational life springs from the twin social and political conditions of the new nation—and those conditions are, in his eyes and those of his intended audience, inherently problematic. The social condition, the relatively egalitarian character of American society, plays an explicit role in Tocqueville's account of the genesis of American associationism. The political freedoms Americans enjoy play a generally supporting role, but an essential one. American egalitarianism poses serious problems for public life to de Tocqueville's mind... Associations arise to fill these deficiencies" (1997:554)³¹

Tocqueville's voluntary associations arise as win-win situations precisely because the interests of the people involved were shared. Tocqueville visited the United States before the emergence of industrial capitalism and the classes it created. Also, there is little doubt

³⁰ Kilby, Patrick. "Social Capital and Civil Society." *National Center for Development Statistics*, Accessed on 02-03-2006. <http://www.hc-sc.gc.ca/iacb-dgiac/arad-draa/english/rmd/wpaperslengsocial2.html>

³¹ Foley, Michael, and Bob Edwards. 1997. Escape from Politics? Social Theory and the Social Capital Debate. *American Behavioral Scientist* 40(5):550-61.

that if slaves had been allowed to participate in such associations (which they clearly were not), then the image of voluntary associations would be a very different one indeed. Putnam's view is possible only if you erase the very real material interests that divide us (and even then, it is still questionable) and creates a vision of civil society as solely constituted by people and groups with mutual interests. That is why Putnam lumps trade unions together with PTAs and church groups and views them as comparable.³² If he had included local Chambers of Commerce with local unions, the implausibility of his argument would have been even clearer. This understanding of voluntary associations as win-win relationships also allows him to ignore the power relations that play such an important role in inter-group relations. Simply put, certain social networks are in greater positions of power than others, and they can therefore yield much more substantial returns to their members when those networks are engaged in social or political conflict. Given that people in low-income areas are marginalized in the American political economy, this is a substantial omission—and limiting factor—in the potential uses of Putnam's social capital framework in community organizing and development, and discourse on democracy.

The second important aspect of conflating social capital with civil society is that it divorces social capital from capital itself. But for social capital to have any meaning, it must remain connected to the production and reproduction of capital in society. This is striking because it is the role of social capital in economic development that should be of the greatest importance to the development practitioners. Development is about many things, but central to them must be the economic security and progress of people in low-income communities and the economic development of the communities themselves. But given Putnam's separation of social capital from economics, it is not surprising that the economic impact of Putnam's social capital is so difficult to observe and measure. This is because it might even not exist.

³² Putnam: 1993b, 1995, 1996.

Chapter: II

Social Capital: A Critical Analysis

Chapter 2

Social Capital: A Critical Analysis

It might perhaps not be exaggeration to state that two concepts have dominated the social sciences in the last decade. Globalization is in the lead, but social capital is not far behind. It is often claimed that it is the presence or absence of social capital that explains disparate issues like democracy and development. The World Bank has also embraced the concept of social capital and taken major initiatives to promote social capital among societies. Indeed the Bank termed it the missing link in development. On the other hand, it is also argued that the concept of social capital is used in different field as an alternative to both state-centered economic redistribution and party politics, and that it represents a potential privatization of economics and politics. The aim of this chapter is to give an over view of the concept of social capital, trace its origins, identify different theoretical underpinnings behind the concept and its use in different areas. We would like to deal in some detail with the understanding of the three main proponents of the theory of social capital, namely Pierre Bourdieu, James Coleman and Robert Putnam. In the second section of this paper I would present a critique of social capital.

Definitions of Social Capital: Different Perspectives

There are several definitions of social capital originating from different schools of thought. Even a decade after the concept of social capital obtained prominence, a consensus definition is far from emerging. Indeed conceptual confusion abounds as in few other areas. Most of the researchers, while applying the concept in a particular analysis, first discuss the concept, its intellectual origins and its diversity of application, and then construct their own definitions to add to the general frame work. As a result we now have a substantial stock of definitions, what Adam and Roncevic describe as a "plethora of definitions".¹ According to Durlauf and Fafchamps social capital is not a concept but praxis, a code word used to federate disparate but interrelated research interests and to facilitate the cross fertilization of ideas across disciplinary boundaries.² The success of social capital as a federating concept may result from the fact that no social science has managed to impose a definition of the term that captures what different researchers mean by it within a discipline, let alone across fields.

¹ Adam. F. and Roncevic, B. (2003), "Social Capital: Recent Debates and Research Trends". *Social Science Information*, 42(2), pp.155-183. If the introduction of social capital has been hailed with pungent observation as a "plethora of capitals", the current phenomenon can be described as the "plethora of definitions".

² Durlauf. S.N. and Fafchamps, M. (2004), *Handbook of Economic Growth*, Amsterdam.

The first reference to the term is in the work of L. J. Hanifin, who urged the importance of community involvement in good schools, in 1916. But the first contemporary use of the term is found in the work of an economist, Glenn Loury. He utilized the phrase in his critique of neo-classical economic theories of racial income inequality, drawing attention to their policy implications.³ He argued that orthodox economic theories were too individualistic, focusing on individual human capital and on the creation of a so-called level field of competition based on such skills. According to him legal prohibitions against employers' racial tastes and the implementation of equal opportunity programmes would not reduce racial inequality by themselves. Racial inequality, he argued, could go on for ever for two reasons: the inherited poverty of black parents which is transmitted to their children in the form of lower material resources and educational status, and secondly, poorer connection of black workers in labour market and thus the lack of information about opportunities. He challenged the merit argument that says that in a free society an individual will rise to the level justified by his competence. He observes that no individual travels the road entirely alone. Rather, he pointed out, the social context within which the individual maturation strongly occurs' conditions what otherwise equally competent individual could achieve.⁴ Loury mentions social capital only in tentative terms. Though the concept captures differential access to opportunities through social connections for minority and non-minority youth, any systematic relations with other forms of capital is missing in his work.⁵ But two writers in the 1980s, the French cultural theorist Pierre Bourdieu and the American sociologist James Coleman dealt with the concept at great length and grounded social capital under different theoretical understandings from their respective vantage points. Presently three basic traditions can be identified. Bourdieu looked at social capital from critical theory of society; opposed to his ideas is the normative approach exemplified by Coleman and Putnam, and the network-based utilitarian approach put forth by Lin and Burt.

Critical Theory of Society: Pierre Bourdieu

Pierre Bourdieu provided the first contemporary and systematic elaboration of the concept of social capital. Bourdieu was a cultural sociologist deeply influenced by Marxist thought, with a long-standing concern for the way social class is reproduced. Bourdieu's idea was that "connections" play a part in the reproduction of classes. According to Bourdieu:

³ Loury G. C. (1977), "A Dynamic Theory of Racial Income Differences", in P. A. Wallace and AM La Mond (ed.), *Women, Minorities and Employment Discrimination*, Lexington. MA. Heath

⁴ *Ibid.* p-176

⁵ Portes, A. (1998), "Social Capital: its origin and application to modern sociology". *American Review of Sociology*, 24(1).

"Social capital is the aggregate of the actual or potential resources which are linked to possession of durable network of more or less institutionalized relationship of mutual acquaintance and recognition- or in other words, to membership in a group- which provides each of the members with the backing of collectively owned capital, a credential which entitles them to credit".⁶

To Bourdieu, it is also "a capital of social connections, honorability and respectability".⁷ He identifies three dimensions of capital, each with its relationship to class: economic, cultural and social. These three resources become effective and their ownership is legitimized through the presence of symbolic capital. Social positions and divisions of economic, cultural and economic resources are legitimized with the help of symbolic capital. Thus social capital becomes a resource of social struggles that are carried out in different arenas and fields. The possession of particular durable social relationships may provide for different access to resources. In this view, social capital is certainly not an attribute of society as a whole, but it is an aspect of differentiation of classes. It is, in other words, really an instrument of power. Bourdieu's definition makes it clear that social capital is decomposable into two elements: first the social relationship itself that allows individual to claim access to resources possessed by their associates and second, the amount and the quality of those resources.

Bourdieu considers society as the plurality of social fields. Forms of capital are the core factors defining positions and possibilities of the various actors in any field. Economic, cultural and social capitals are the social resources whose control defines the social position of actors. Social capital, through human exchange "lubricates" civic society and the voluntary creation of collective groups through trust and predictable behavior. Economic capital is the economic power that increases the actors' capacity in society. Cultural capital is created through primary pedagogy and is institutionalized through cultural institutions. Social capital, according to Bourdieu, is a resource that is connected with group membership and social networks. Bourdieu recognizes voluntary associations, trade unions, and political parties as the modern embodiments of social capital. The acquisition of social capital requires deliberate investment on economic and cultural resources. Though Bourdieu insists that the outcomes of possession of social and cultural capital can be reducible to economic capital, the process that brings about these alternative forms is not straightforward, or

⁶ Bourdieu, P. (1986), "The Forms of Capital" in J. Richardson (ed.) *Handbook of Theory of Research for the Sociology of Education*, Greenwood Press, Westport, CT, pp. 248.

⁷ Bourdieu, P.-(1989), *Distinction: A Social Critique of the Judgement of Taste*. Routledge. London, pp. 122

⁸ Portes, A. (1998). op cit.

simple.⁹ Bourdieu recognizes that, each of them possesses its own dynamics, and relative to economic exchange, they are much less transparent and much more uncertain.

Social capital for Bourdieu is a collective phenomenon, even though it is viewed from the perspective of the actor who is utilizing its potentialities. The formation of an association can create a sense of solidarity among a mass of persons; it institutionalizes the capital that is being accumulated. He defines social capital as:

“As a person's social characteristics- including social skills, charisma, and the size of his Rolodex- which enable him to reap market and non-market returns from indication with others”.¹⁰

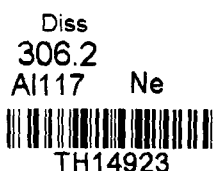
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Bourdieu emphasizes on the resources that are linked with the possession of durable network of institutionalized relationships and thus provide each member collectively owned capital. This capital is actually a credential which entitles the individuals to credit and it is enacted, maintained and reinforced in exchanges. The volume of capital possessed by a given agent depends not only on the size of the network the individual can effectively mobilize but also the volume of capital possessed in his own right by the agent. According to Bourdieu, the profits that accrue from membership in a group is the basis of the solidarity that makes them possible. He recognises the possibility that they may not be deliberately created in order to concentrate social capital. He further claims that the existence of a network of connections is not a natural given, or even a social given, and must be constructed through investment strategies oriented to the institutionalization of group relation.

According to Bourdieu, another characteristic of social capital is that it is based on mutual cognition and recognition, which is how it acquires a symbolic character. Objective differences between groups and classes have to be transformed into symbolic differences and classifications, in order to become effective social capital. Bourdieu draws parallels between the concept of symbolic capital and legitimate capital, because it is symbolic capital that defines what forms and uses of capital are recognised as legitimate bases of social positions in a given society. The effectiveness of symbolic capital depends on real practices of communication. Bourdieu's idea is that economic, cultural, and social capital becomes meaningful and socially effective only through symbolic translation. The use of symbolic power is successful when prevailing 'objective' structures are perceived by actors with the help of categories that are the products of the same objective structures. This would result in the most absolute recognition of legitimacy. Bourdieu asks us to pay attention to those

⁹ *Ibid.*

¹⁰ Bourdieu (1986), op cit. p-251



authorities in whose hands the symbolic power is concentrated. He stresses here the importance of institution like schools in socialization of symbolic power.

The Functional Approach of Coleman and Putnam

To understand Coleman's formulation of social capital, it is important to understand his theoretical stance. Coleman, a rational choice theorist, believed that one could best build up social theory from a model of individual behaviour, an understanding largely influenced by neo-classical economics.¹¹ His models of individual behaviour are elementary models of rational choice theory that have had a profound influence on social sciences.¹² His formulation of the idea of social capital reflects this theoretical stance. He defined social capital through its functions and recognized the multi-facetedness of the concept. According to him:

"Social capital is defined by its function. It is not a single entity, but a variety of different entities with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors- whether persons or corporate actors-within the structure".¹³

To Coleman, like other forms of capital, social capital is also productive: it makes possible the achievement of certain ends that would not be attainable in its absence.¹⁴ This definition aims at outcomes of groups, organizations, institutions and societies. He recognized that the conception of social capital as a resource for action can be one way of introducing social structure into the rational action paradigm. Coleman argued that social capital "inheres in the structure of relations between persons and among persons" and that it facilitates actions of persons who are connected by the structure of relations.¹⁵ According to him, reciprocity and trust, which are aspects of social relations, are of value because they both help to reduce transaction costs through communication of information and provide a kind of insurance that is created in the social networks.¹⁶

Coleman's research primarily addressed educational achievements and social inequality. He measured social capital by the physical presence of parents per number of children in the

¹¹ Neo-classical economics starts with the axiom that an actor's actions are guided by the objective of maximizing his own interests. This also leads to behavioural-individualism (Harris, 2001).

¹² He writes: "If we begin with a theory of rational action, in which each actor has control over certain resources and interest, then social capital constitutes a particular type of resource available to an actor." At the same time he also wanted to reject the "extreme individualistic premises" that often accompanies it. Coleman, J. S. (1988), "Social Capital in The Creation Of Human Capital". *American Journal of Sociology*, 94 Supplement.

¹³ *Ibid.* pp. 94.

¹⁴ Coleman, J. (1990) *Foundations of Social Theory*, Cambridge, MA: Harvard University Press

¹⁵ Coleman, J. (1988), op cit. p-98

¹⁶ *Ibid.*

family so as to determine the amount of attention that children receive. Coleman argued that social relations, both within the family and the wider community, constitute useful capital because they establish obligations, expectations and trust-worthiness. They also create channels of information, and set norms that can be backed by sanctions.¹⁷ Coleman has used a number of examples to illustrate different forms of social capital: the apparent decline in trust in the relation between doctors and patients in the United States, the greater sense of security felt by mother of young children in Jerusalem as compared to Detroit, student activism in South Korea based on the study circle developed from the students coming from the same town etc.¹⁸

Coleman compares social capital with human capital. Human capital is created through the changes in persons, bringing in new skills and capabilities that make them act in new ways. Social capital is created through changes in the relation among persons that facilitates action. Though human capital is not as tangible as physical capital, social capital is even less tangible. Social capital also facilitates productive activity. This suggests that a group with more trustworthiness and extensive trust is likely to accomplish more than the one which has less of these attributes.

According to Coleman, social capital identifies some aspects of the social structure by their functions. The actor's objective is to view these aspects of social structure as resources and use these resources to achieve his interests. Thus social capital constitutes both an aid in accounting for different outcomes at the level of the individual actor and an aid toward making the micro-macro transitions without elaborating the social structure details through which this occurs.¹⁹ When some one does something for another and expects him to reciprocate, this establishes an expectation in that person and an obligation for the other. Coleman conceives this obligation as credit slip held by that person for the performance of the other. He finds an obvious analogy with the financial system when that person holds such credit slips with a large number of persons. In some social structures, people generally do things for others and there remain a large number of credit slips outstanding. In societies where people are more independent and self-sufficient, there remains fewer outstanding credit slips. He suggests that this form of social structure depends on two elements: trustworthiness of the social environment, which means that obligations will be repaid, and

¹⁷ Schuller, T., Baron, S. and Field, J. (2000), 'Social Capital: A Review And Critique', in S. Baron, J. Field and T. Schuller (ed.), *Social Capital: Critical Perspectives*, Oxford: Oxford University Press. Cited in Mihaylova (2004), op cit.

¹⁸ Coleman, (1990), pp. 303, cited in Harris (2001)

¹⁹ Coleman. .1.(1988), op cit. S101.

the actual extent of the obligation held. Social structures differ in both these dimensions, and actors within the same structure differ in the second.²⁰

Coleman considers social capital as a public good.²¹ This means that it is not necessary in the individual's interest to bring it into being. In fact most forms of social capital are created as a by-product of other activities. There are also some forms of social capital which are the result of deliberate investment by people, such as parent-teacher associations.²² Coleman's conceptualization therefore suggests the possibility of building social capital by encouraging investment in organizations of this kind.²³ According to Harris it is not clear that these are resources that can be accumulated, transferred or inherited in the way of other kinds of capital.²⁴

According to Lin, this "functional" view may implicate a tautology: social capital is identified when and if it works. Thus the potential causal explanation of social capital can only be captured by its effect. Again, whether it is an investment depends on the return for an individual in a specific action. Thus, the cause factor is defined by the effect factor. Clearly, it would be impossible to build a theory where causal and effectual factors are folded into a singular function. This is not to deny that a functional relationship may be hypothesized (e.g. resources embedded in social networks enhance obtaining better jobs). But the two concepts must be treated as separate entities with independent measurements. It would be incorrect, according to Lin, to allow the outcome variables to dictate the specification of the causal variable.²⁵ Moreover it should be noted that a systematic treatment of the concept must distinguish among the possessors of social capital, its sources and the resources. According to Portes, these three elements are missing in Coleman's discussion, thus setting the stage for confusion in uses and scope.²⁶

It is interesting to see that though Bourdieu's idea of social capital is much more subtle, his contribution to the development of the concept has been very largely ignored and more attention has been paid to Coleman's work. Robert Putnam, who can be recognized as the High Priest of social capital, acknowledges Coleman as the principal theorist of social capital but makes no reference to Bourdieu. Both Coleman and Putnam focus on the formation of social networks and see it in a functional perspective, while Bourdieu goes beyond it to find its cultural and ideological content and context.

²⁰ *Ibid*: S102.

²¹ Though he recognizes the exception where social relationships concentrate effective power. Then social capital can be created for all the members of the group because of the overcoming of free rider problems.

²² Coleman, J. (1990), *op cit*.

²³ Harris (2001). *Depoliticizing Development*, LeftWord Books, New Delhi.

²⁴ *Ibid*.

²⁵ Lin, N. (1999). "Building a Network Theory of Social Capital", *Connections*, 22(1).

²⁶ Portes, A. (1998), *op cit*.

The person responsible for simplifying and popularizing the concept of social capital, ministering to a rapidly expanding flock of followers, is Robert Putnam. He introduced his focus in his mezzo and macro-analysis of role of civic tradition and active citizenship in the regional and national contexts of democracy and development performance. He defines social capital as:

"...Social capital... refers to features of social organization, such as trust, norms, and networks that can improve the efficiency of society..."²⁷

Influenced by Tocquevillean assumptions, Putnam considers horizontal relations within voluntary associations as the main source of differentiation of endowments in social capital and the relative extent of civic networks in a given society. According to these definitions, social capital is a type of positive; group externality. Coleman's definition suggests that the externality arises from social organization. Putnam's definition emphasizes specific *informal* forms of social organization such as trust, norms and networks. Other definitions characterize social capital not in terms of outcome but in terms of relations or interdependence between individuals. In later research, Putnam defines social capital as:

"...Connections among individuals - social networks and the norms of reciprocity and trustworthiness that arise from them".²⁸

In his much acclaimed book *Making Democracy Work*, Putnam tries to find out the preconditions of a strong and responsive representative institutions and a prosperous economy. In 1976-77 new bodies of local institutions were set up in Italy through governmental reforms. This gave Putnam the opportunity to compare the performance of different regions of Italy. He found out that governmental reforms were much more successful in Northern Italy than the southern part of the country. Putnam explained variations in government performances and level of economic development in different parts of Italy through a factor, which he termed as "civic engagement". Later he described civic engagement as "social capital". His argument was that higher level of civic engagement gives rise to better social capital, which in turn makes possible more civic engagements. According to Putnam 'horizontal' relationships are essential to the development of community life while 'vertical' patron-client relations are typical of the less civic societies. The relative strength between the vertical and horizontal relations is a measure of social order and has severe consequences for the development of political actors. As he explains:

²⁷ Putnam, R. (1993), *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton University Press. Princeton. p-167.

²⁸ *Ibid*, pp.19.

"in the North people were citizens, in the South they were subjects".²⁹ According to him development is historically dependent. The quality of civic society 'predestined' to a large extent the future of economic and political development of the region. Thus: "where you can go depends on where you are coming from, and some destinations you simply cannot go to from here".³⁰

According to Putnam, forms of social capital are general moral resources of the community. They can be divided into three main components: first, trust; second, social norms and obligations; and third, social networks of citizen's activities, especially voluntary associations.³¹ Putnam's problem is that in practice he reduces the concept of civil society into voluntary association of a specific form, namely sports clubs and cultural associations.³² Moreover his ideas about the relationship between voluntary associations continue to follow a specific tradition set by Tocqueville, where social interest were identified with organized interest in the form of voluntary associations.³³ Here a plurality of cross cutting voluntary association was understood to be the precondition for a stable democracy. Conflicting interests and the problem of non-organized interests were not incorporated in this approach. It is typical of Putnam that he does not discuss conflicts between interests and groups. He overlooks the possibility that some associations create trust only among the members of its own group, and distrust of other organizations. A large part of the groups and informal associations cannot be discerned by the Putnamian vision.

Moreover, Putnam does not deal with politics, nor does he recognize the conflicts between civil society and political society and the state. Vicente Navarro attributes this to the ideological consequence of the supposed triumph of capitalism, that is said to have closed the debate about which kind of society we should have, and shifted the debate instead how to manage the only existing economic system.³⁴ The purpose of social action is to accumulate more capital so that individuals can compete better. Togetherness makes individual stronger, more resourceful. Navarro argues that that the presence or absence of togetherness may be rooted precisely in the existence of capitalism. Navarro suggests that there exists a clear

²⁹ *Ibid*, pp.121.

³⁰ *Ibid*. pp-179.

³¹ Putnam. R. (1993), Chapter 6, op cit.

³² Cohen, J.1999. "Trust, Voluntary Associations and Workable Democracy: The Contemporary American Discourse on Civil Society". In Warren Mark E. (ed.) "Democracy and Trust", Cambridge University Press.

³³ Siisiainen. M. (2000). "Two concepts of social capital: Bourdieu vs. Putnam". Paper presented at ISTR Fourth International Conference, *The Third Sector: for What and for Whom?* Trinity College, Dublin, Ireland

³⁴ Navarro. Y. (2002), "A Critique of Social Capital", *International Journal of Health Services*, 32(2)

contradiction between the desire for togetherness on the one hand and this call for competitiveness. Indeed that in the new phase of capitalism today, one primary aim of the state has been to dismember and dis-empower one important civil society group, trade unions.

Putnam neglects the vertical dimension of voluntary associations and the power of relations that are inherent in all modern associations, both within the association and in relation to the outside world. He has little to say about the internal democracy in the existing voluntary associations, and their internal power structure. Voluntary associations also play important role in the selection of those issues and priorities that are allowed to enter the political arena. All political organizations have a bias in favour of exploiting some kinds of conflicts while ignoring others. The selectivity of the political system tends to increase the supremacy of the upper strata into the system of voluntary association and their over-representation in the leadership of the association. Thus, for example, voluntary associations in India, it is well known, are largely upper-caste and reflect upper-caste priorities and concerns. Similarly, trade unions are not known to have either theorized or acted upon concerns of women workers.

From the definitions provided by Coleman and Putnam, we can distinguish three main underlying ideas: One, that social capital generates positive externalities for members of a group; two, that these externalities are achieved through shared trust, norms, and values and their consequent effects on expectations and behavior; and finally, shared trust, norms, and values arise from informal forms of organizations based on social networks and associations. The three main ideas outlined here often appear intertwined so that one in isolation would probably not be considered social capital. For instance, there are many phenomena that generate positive (or negative) externalities. According to the definitions listed here, they would probably not be considered social capital unless they involve norms or trust. There appears to be more confusion as to whether all three parts of the definition are required for social capital or not.³⁵ Norms and trust can be based on formal institutions such as laws and courts without reference to social networks. Yet the literature has sometimes referred to such generalized trust as social capital.³⁶ It is also unclear whether (1) and (3) alone constitutes social capital. In his seminal work on job markets, for instance, Granovetter discusses how social networks are activated to share job market information, thereby speeding job search

³⁵ Durlauf, S. N., (2004). op cit.

³⁶ Knack, S. and Keefer, P. (1997), "Does social capital have an economic payoff? A Crosscountry Investigation." *The Quarterly Journal of Economics*, 62(4).

and raising the efficiency of the job matching process.³⁷ This process does not, by itself, require shared norms or values.

Bourdieu and Putnam: A Comparison

Bourdieu and Putnam can be seen to develop the ideas of two opposing traditions and applying these ideas to current problems of civil society. Putnam's concept of social capital and trust are directed to questions about mechanisms that strengthen the integration of society. These generate solidarity and togetherness, and thus sustain the stable development of the society. But, using Putnam's approach, it is difficult to deal with conflicts and opposing interests that also are at the heart of all societies. On the other hand, Bourdieu's main theoretical interests are in the examination of social conflicts or struggle, about the stakes in different fields, about forms of power, and forms of deprivation and domination. Trust does not find a central place in Bourdieu's theorization. Bourdieu comes close to Putnam's concept of trust when he speaks of the "capital of recognition". His idea of trust can be generalized as the generalized virtue posited as the basis of voluntary action and exchange.

Putnam's idea of social capital deals with collective values and social integration, whereas Bourdieu's approach is made from the point of view of actors engaged in struggle in pursuit of their interests. He developed the concept of "habitus" to incorporate the objective structure of society and the subjective role of agents within it. Habitus reflects different positions people have in society. It is part of how society produces and reproduces itself. In his view, conflicts are built in to all societies. Peoples' expectations and their ways of living change with changing social positions. Here the question of social agency and political intervention becomes very important.

According to Bourdieu, economic, cultural and social capital becomes meaningful and socially effective only through symbolic translation. This is why symbolic power becomes important within the system of power. In Bourdieu's conception of symbolic power it is important to pay attention to those authorities in whose hand symbolic capital is concentrated; whatever its origin. Modern state is one field where the struggle for monopolizing symbolic power is fought. The State typically holds the monopoly of symbolic violence and imposes, as universally applicable, a common set of coercive norms. Here the institutions of socialization like schools become important in the system of symbolic power.

³⁷ Granovetter, M. (1975), *Getting a Job: A Study of Contacts and Careers*. Chicago: University of Chicago Press.

For Bourdieu, social capital represents a process by which individuals in the dominating class, by mutual recognition and acknowledgment, reinforce and reproduce a privileged group which holds various capitals (economic, cultural and symbolic). Nobility and titles characterize such groups and their members. Thus, social capital is another way of maintaining and reproducing the dominant class. On the other hand, Coleman and Putnam look at social capital as collective assets. Coleman, while defining social capital as consisting of any social- structural features or resources that are useful to individuals for specific actions, stresses social capital as a public good. These collective assets and features are available to all members of the group, be it a social group or a community and regardless of which members actually promote, sustain or contribute to such resources. Because social capital is a public good, it depends on the good will of the individual members to make such efforts and not to be free riders. Thus, norms, trust, sanctions, authority and other structural "features" become important in sustaining social capital. According to Lin, the privileged good theory is an extension of social relations of Marxian capital theory; the public good view is primarily an elaboration and extension of the integrative or Durkheimian view of social relations.³⁸

In Putnam's view, trust and interests conflict and thus he refuses to deal with interests and interest-group organizations. He leaves interest organizations out of his analysis but does not discuss the problems with the associations who do not have any natural association of its own. According to Bourdieu, interest and universal values exclude each other, he doubts the possibility of disinterestedness and thus of generalized trust as a universal value. He stresses the importance of historical and empirical examination of the concepts of universal values and universal trust and universal truth. According to Bourdieu, often at some place behind universal values lurk the specific interests of certain groups. It is quite often the case that different groups and classes participate in the same game at the same time but actually playing different games with different interests in mind. The same kind of differences can be seen in the voluntary sector where the members of the voluntary groups may have moral interests in the game, while economic elites may be guided by the rational economic interest and may appeal to universal values and use euphemisms to pursue their own interest. The lower classes accept euphemistic values suggested by the social elites because of the presence of symbolic capital.

³⁸ Lin, N. (1999), *op. cit.*

The Network Approach: Burt and Lin

The third kind of definition is found in the network based utilitarian approach, put forward by Lin (1999)³⁹, Burt (1992)⁴⁰ and Portes (1998)⁴¹ etc. Lin suggests that social capital, as a concept, is rooted in social networks and social relations, and must be measured relative to its root.⁴² According to Lin (2001):

"...Social capital may be defined operationally as resources embedded in social networks and accessed and used by actors for actions".⁴³

By this definition, the notion of social capital contains three ingredients: resources embedded in a social structure, access to such social resources by individuals, and use or mobilization of such social resources by individuals in purposive actions. Thus perceived social capital contains three elements intersecting structure and action: the structural, opportunity and action oriented aspects.⁴⁴ Portes also advocates focusing on social relations and networks in the analysis of social capital. He defines social capital as: "The ability to secure benefits through membership in networks and other social structures".⁴⁵

The social resource theory proposes that access to and use of social resources can lead to better socio-economic statuses. Further, the theory proposes that access to and use of social resources are in part determined by positions in the hierarchical structure (the strength of position proposition) and by the use of weaker ties (the strength of tie proposition). Burt focuses on the location of individuals in a network as the key to social capital.⁴⁶ He postulates that certain network positions have effects on individuals obtaining better positions or rewards. According to him, by identifying the locations of individual nodes, it is possible to assess how close or how far the node is from a strategic location, such as a bridge, where the occupant has the competitive advantage in possible access to more, diverse, and valued information.

Another approach focuses on what are called the embedded resources. In social resource theory, valued resources in most societies are represented by wealth, power and status.⁴⁷ Thus, social capital is analyzed by the amount or variety of such characteristics of others

³⁹ *Ibid.*

⁴⁰ Burt, Ronald S. (1992), *Structural Holes: The Social Structure of Competition*, Cambridge, MA: Harvard University Press.

⁴¹ Portes, A. (1998). *op cit.*

⁴² Lin, N.(1999), *op cit.*

⁴³ Lin, N. (2001). *Social Capital*, Cambridge: Cambridge University Press. p-24-25.

⁴⁴ Lin, N. (1999). *op cit.* p-35.

⁴⁵ Portes, A. (1998), *op cit.* p-8

⁴⁶ Burt, Ronald S. (1992), *op cit.*

⁴⁷ Lin, N. (1982), "Social Resources and Instrumental Action." Pp. 131-45 in *Social Structure and Network Analysis*, edited by Peter V. M. and Nan Lin. Sage, Beverly Hills, CA.

with whom an individual has direct or indirect ties. Measurement of social resources can be further specified as network resources and contact resources. Network resources refer to resources embedded in one's ego-networks, whereas contact resources refer to resources embedded in contacts used as helpers in an instrumental action, such as job searches. Thus, network resources represent accessible resources and contact resources represent mobilized resources in instrumental actions. According to Lin, if it is assumed that social capital attempts to capture valued resources in social relations, network locations should facilitate, but not necessarily determine, access to better embedded resources. What types of network locations evoke resources in order to generate returns depend on the type of returns one expects. Thus the network theory aims to propose that social capital is more than mere social relations and networks: it evokes the resources embedded and accessed. Nevertheless, such embedded resources cannot possibly be captured without identifying network characteristics and relations. Network locations are necessary conditions of embedded resources.⁴⁸

The above discussion suggests that it is not possible to derive a single concept of social capital. Because there is no consensus on what social capital is, with time social capital research has embraced a wide array of concepts, although most authors agree to Coleman's formulation that social capital is dealing with certain aspects of the social structure which enable social action.⁴⁹ However this formulation is too broad for a more unified research programme. At the same time several formulations can be identified which are specific to the context. More importantly, the issues of operationalisation, measurement, what are the forms and sources of social capital, whether it is a dependent or independent variable needs to be discussed.

Measuring Social Capital

For a coherent and comprehensive research programme it is necessary that operationalising and measurement of social capital simply follows the line of argument of its theoretical foundation. As we have seen that rather than there being a specific theory on social capital, there are several theoretical understandings and layers of explanations. Empirical work on social capital also suggests that they are not backed by solid theoretical foundation. Context specific definitions of social capital have lead to the emergence of a plethora of measures. Most of the empirical work follows the foundation of Coleman and Putnam, who were both involved in empirical work and tried to formulate indicators of social capital. The most widely applied measure of social capital is the "Putnam indicator",

⁴⁸ Lin. N.(1999). Op.cit.

⁴⁹ Adam (2003) calls this formulation the "genotype" of social capital, whereas, he calls the context specific definitions "phenotype".

which is actually a simplified version of Putnam's elaborate index of civiness, whereby voluntary association is one of four indicators.⁵⁰ Trust, as the first component, is usually measured by expression of generalised trust in people and occasionally with other variations of this measure such as trust in institutions. A variety of political culture variables are employed as a measure of the second component, norms and reciprocity.

Coleman used different measures in his work. He measured social capital within the family by physical presence of parents and the attention a child receives from them. In his analysis of educational outcomes, he applies the difference between two-parent and single-parent families as a measure of physical presence of the adults and the number of children in the family as a measure of the attention a child receives. As a proxy measure for outside family social capital, he employs the number of times a child has to change schools because the family moved.⁵¹

These are the two basic approaches upon which bulk of the research on social capital have been conducted in the past decade. Researches derived from Putnam's operationalization focus mainly on behavioral variables and attitudes like trust, norms and values. One of the most famous approaches is the one developed by Fukuyama who equates social capital with trust: "Social capital is the capability that arises prevalence of trust in a society or certain part of it".⁵² In his comparative case study of the development of economic organizations and industrial structure, he uses the simple difference between high trust and low trust societies to explain outcomes. Adam points out that given the problems with the definition and the complexity of the concept itself, use of a single index of social capital can lead to simplistic explanations and can even lead to wrong conclusions.⁵³ Paxton has provided an excellent example to illustrate the point.⁵⁴ According to her, if the relation between the social capital and an alleged indicator changes over time, and if the change remain concealed one would draw a false conclusion about social capital.⁵⁵ Some other authors have also recognized the problems associated with the use of a single measure.

Paxton (1999) has emphasized the need to use multiple indicators of social capital in her assessment of Putnam's study on the decline of social capital in the US. Using this modified

⁵⁰ Putnam's civiness index consists of four components: vibrancy of associative life, incidence of newspaper readership, referenda turn out and preference voting (Putnam, 1993: 91-4). Following his definition of social capital these indicators measure only one of the three components net works.

⁵¹ Coleman. J. (1988). Op cit.

⁵² Fukuyama (1995), "Social Capital and the Global Economy", *Foreign Affairs*. 75(4), pp.89.

⁵³ Adam. F. (2003) op cit.

⁵⁴ Paxton. P. 1999. "Is the Social Capital Declining in the United States? A Multiple Indicator Assessment". *American Journal of Sociology*. 105(1).

⁵⁵ *Ibid.*

definition she has demonstrated that Putnam's conclusions have very little empirically to back it. According to her definition, social capital has two measurable components: subjective type of tie which must be reciprocal, trusting and involving positive emotions and the objective associations between individuals.⁵⁶ Using the General Social Survey, she has challenged Putnam's claim of overall decline in social capital in the US. She has shown that rather than an overall decline there is some decline in trust in individuals, no decline in trust in institutions and no decline in associations.⁵⁷ Knack and Keefer also adopted two measures of social capital in their comparative study of the impact of social capital in economic growth and investment.⁵⁸ The two measures are: first, the mean value of expressed general trust as measured by the standard variable from the World Values Surveys; second, a composite index of norms of civic cooperation constructed from several questions.

A second approach is developed as a synthesis of network research and is influenced by Bourdieu and Coleman to some extent. This approach focuses on variables indicating the positions of the individual inside the social networks. One of the most influential works from the network approach is that by Ronald Burt.⁵⁹ He has measured social capital in terms of network constraints: more constraints mean fewer structural holes. Because structural holes are the source of social capital, fewer structural holes results in poorer social capital. Here network constraints depend on three dimensions: size, density and hierarchy of a particular network, the premise being that smaller networks, dense networks and hierarchical networks are more constraining (Burt, 1997). Following the network approach, Lin proposes to measure embedded resources. In this approach, resources embedded in the social networks are seen as social capital's core element. Thus, measurements focus on the valued resources (e.g., wealth, power, and status) of others accessed by individuals in their networks and ties. Such measurements can be made relative to two frameworks: (1) network resources and (2) contact resources. Network resources tap resources represented in the network an individual has access to. Contact resources indicate the valued resources represented by contacts or helpers in specific actions.⁶⁰

⁵⁶ *Ibid.* pp.93- 95

⁵⁷ She has measured objective associations with three variables: spending evening with neighbours, spending evening with friends, and total number of memberships of voluntary organisations. Objective association has been measured by trust in individuals and trust in institutions (Paxton, 1999). The strong point of her analysis is that she has tested the stability and fitness of her model to apply it to the context.

⁵⁸ Knack, S. and Keefer, P. (1997), "Does social capital have an economic Payoff? A Crosscountry Investigation." *The Quarterly Journal of Economics*, 62(4).

⁵⁹ Burt, R. (1997). "The Contingent Value of Social Capital." *Administrative Science Quarterly* 42.

⁶⁰ Lin, N. 1999. op cit.

It is evident from the above discussion that there are substantial number of different operationalisations and measures of social capital. This reflects that there are several unresolved issues in social capital theories. What is also evident is that there exists a weak relationship between theoretical and empirical work on social capital. The World Bank's attempt to create measures in Global Social Capital Survey is one of the glaring examples of the use of a broader repertoire of indicators as well as of a weak link between theory and operationalisation.⁶¹ Interestingly, Bourdieu's conceptualization of social capital, which is theoretically the most refined and offers a framework for the development of a coherent research programme, has received much less attention than Coleman and Putnam.⁶² Bourdieu himself provided the starting point by proposing a measure of social capital; it would be operationalised as the sum of the resource attainable through a network of more or less institutionalized relations.⁶³ Ignoring this rather coherent operationalisation we now have a handful of aggregate indicators, readily available but highly context specific. They have also proven to be explanatory red herrings.

Elements of Social Capital

Analyzing the definitions of social capital we can identify two important components of it: trust and associations. It would be worth while to analyse these two components in detail in order to get a proper perspective of social capital.

One of the important elements of social capital is the ties between individuals. The dominant literature on social capital gives immense importance to trust as a measure of ties. Trust is important because its presence or absence can have a bearing on what we choose to do or what we can do. Trust forms an expectation about those actions of others which have a bearing on one's choice of action. The actor, however, must choose an action before she can observe the actions of those others. But the central cause of concern is that one cannot observe the action of others before she makes her choice; here trust plays a singular role. At the same time trust also plays an important role in the case of hidden information problem. This refers to situations where in the absence of credible threat or suitable punishment people would not wish to enter into transactions with others. One will be trusted only if her promise is credible. Dasgupta, in order to find the sources of trust, reveals that production of trust is

⁶¹ Narayan. D. and Cassidy. M. (2001), "A Dimensional Approach to Measuring Social Capital: Development and Validation of a Social Capital Inventory", *Current Sociology*. 49(2).

⁶² Adam, F. and Roncevic. B. (2003), op cit.

⁶³ Bourdieu. P. and Wacquant, L. (1992), *An Introduction to Reflexive Sociology*; Chicago: University of Chicago Press.

riddled with beneficial externalities.⁶⁴ Thus he points out that trust is not a public good; rather it involves "network externalities". Trust is built on reputation and reputation is acquired on the basis of observed behavior over time. The author also tries to find out the basis of cooperation. People reach an agreement when they can identify a mutually beneficial course of action. According to Dasgupta, only when people trust each other can they be sanguine that the agreements will be kept. He further argues that people would trust each other to keep to an agreement only when they are sanguine that most others had a disposition to be trustworthy. Dasgupta also points out to the possibility that agreement is translated into an explicit contract and enforced by a third party. This can be the state or, in rural communities, the power and the authority can be vested on the landlords, tribal elders, priests etc. According to the author, people accept the structure of authority like the state when a sufficiently large number of others also do so and the cost of non acceptance is very high. So general acceptance is an equilibrium situation and is held by its own constituents. According to the author, this leads to a corollary that if a government backed by the state is viewed as worthy, it would remain in power if every citizen thinks that most others continue to accept it. If the government is trusted to enforce agreements, people will comply and at the same time the government would enforce agreement if there is credible threat of reprisal.

As argued in Fafchamps, trust may be understood as an optimistic expectation or belief regarding other agents' behavior.⁶⁵ The origin of trust may vary. Sometimes, trust arises from repeated interpersonal interaction. On some other occasion, it arises from a general knowledge about the population of agents, the incentives they face, and the upbringing they have received.⁶⁶ The former can be called personalized trust, and the latter, generalized trust. The main difference between the two is that, for each pair of newly matched agents, the former takes time and effort to establish, while the latter is instantaneous. Generalized trust in modern societies means individual actors do some good for the society not because they know other inter-actors but because they trust that their own action will be "rewarded" through the positive outcomes and developments. In modern society when we move out of the sphere of familiarity and enter into world dominated by complexity and risk, we need mutual reciprocity and trust which is produced through micro-level interactions in the past. These micro-level interactions first produce mutual reciprocity and trust and then as an

⁶⁴ Dasgupta. P. 2000, "Economic Progress and the Idea of Social Capital" in Dasgupta et al. (ed.) *Social Capital: A Multifaceted Perspective*. The World Bank, Washington.

⁶⁵ Durlauf. S. (2004). op cit.

⁶⁶ Platteau. J.P. 1994a, "Behind the Market Stage Where Real Societies Exist: Part I-The Role of Public and Private Order Institutions", *Journal of Development Studies*, 30(3). pp.533-577. & 1994b. "Behind the Market Stage Where Real Societies Exist: Part II -The Role of Moral Norms". *Journal of Development Studies*. 30(3). pp.533-577.

unintended consequence generate trust on a higher level.⁶⁷ Generalized trust creates the basis for "brave reciprocity"; and social networks and associations that are not means of realizing short-term interests of any specific groups. These factors again create trust. So trust creates reciprocity and voluntary associations, reciprocity and voluntary associations again strengthen and produce trust. The more social capital is produced the more it grows.⁶⁸

Social trust in complex societies comes from two related sources: norms of reciprocity and networks of civic engagement. In practice, norms of reciprocity are functions of networks of reciprocity. Among these networks, voluntary associations are of utmost importance. In practice Putnam's civic society is reduced to an examination of the functioning of voluntary associations, which are seen as the main source of trust. He has also not been able to deal with distrust and those social movements and voluntary associations that present challenges to the prevailing consensus and integrative institutions. Voluntary association is recognized as the most important form of horizontal interaction and reciprocity; it influences social interaction and cooperation in various ways. Voluntary associations are regarded as socially organized groups based on mutual trust between the members. Trusting others enables economic agents to operate more efficiently. Since generalized trust can develop instantaneously, it can generate larger efficiency gains. Networks describe complex situations in which individual agents are related only to some other agents, not all. The term "network" is sometimes used to describe the entire set of links among a finite collection of agents. Networks can be used to describe the extent to which personalized and generalized trust exist in a population. Perfect generalized trust corresponds to the case where all agents belong to a complete network and trust all other members. If trust is beneficial for economic efficiency, the loss from imperfect trust can be visualized as the difference between the actual trust network and the minimum network that would support all mutually beneficial trades. Following this reasoning, inefficiency is expected to be highest in societies where the trust network is very sparse.

Trust is also an essential ingredient in the delivery of public goods. In many cases, the state can organize the provision of public goods by taxing individuals. Whenever this is true, trust is not essential. But there are many forms of public goods that cannot be harnessed through state intervention, especially in the Third World countries where the ability of the state to provide public goods is limited. Here collective action can serve as a substitute of the state, but it is difficult to set this collective action in motion. According to Durlauf, two essential ingredients are then required, trust and leadership. A capable leader can convince

⁶⁷ Coleman. J. (1988), op cit.

⁶⁸ Siisiainen. M. (2000), op cit.

people to voluntarily contribute to the public good, whereas trust is necessary to reduce conflicts of competing interests and fears of free-riding.

The second component of social capital reflects the objective ties between individuals: their associations with each other. According to Putnam, it is the most important form of horizontal interaction and reciprocity. Associations first "increase the potential costs to a defector in any individual transaction": second, they "foster robust norms of reciprocity": and third, "facilitate communication and improve the flow of information about the trustworthiness of individuals". They "allow reputations to be transmitted and refined": and, finally, they "embody past success at collaboration, which can serve as a culturally-defined template for future collaboration".⁶⁹ Association between individuals falls in two types. Individuals can be informally connected to others through friendship and other types of network ties, or individuals can be connected through formal group memberships. Individuals have relationships with others, which forms a social network. Relationships can be of different types; they can also be directional or nondirectional, valued or dichotomous, and uniplex or multiplex.⁷⁰ Each of these features of association has implications for the total stock of social capital. Individual friendships with old schoolmates and fellow workers can create social capital through increased communication, information diffusion, and social support.⁷¹

Besides informal ties, individuals can be tied to others through formal membership in voluntary associations. With association ties individuals can be tied to other individuals through formal membership in association. Informal friendship networks are defined by the ties between individuals, but formal associations survive beyond any particular member or internal social network (Paxton 1999).⁷² In a voluntary association, members not only get benefits from individual network ties, they also access and benefit from group-level associations. There can be small groups; at the same time groups can be as big as a nation. In small groups group membership can be defined through complete enumeration but in large groups such enumerations are not possible.

Putnam's idea about the relationship between voluntary associations is influenced by de Tocqueville's *Democracy in America*. In this tradition social interests were identified with organized interests in the form of voluntary associations (visible interests). These were taken as the base for examining the relationship between civil society and the state. A plurality of

⁶⁹ Putnam. R. (1993). op cit, pp. 174-75

⁷⁰ Wasserman. S. and Faust, K. (1994), *Social Network Analysis: Methods and Applications*. Cambridge University Press, cited in Paxton (1999).

⁷¹ Paxton. P. (1999), op cit

⁷² *Ibid.*

crosscutting voluntary associations was understood as the main precondition for a stable democracy. Conflicting interests and the problem of non-organized interests were not included in the approach. A theory about conflicting interests presupposes different types of trust (and distrust) and different types of association. Some of these associations create trust only among their own members, and distrust of other (hegemonic) organizations. A large part of the groups and informal associations of civil society cannot be discerned by the Putnamian vision.⁷³ Putnam's version of voluntary association does not consider the conflict between the civil society and the political society. Neither does he consider the vertical dimensions of voluntary association and power relations.⁷⁴ As Max Weber has remarked, voluntary associations are relations of domination in two respects: first, within the association, domination is often exercised by the leadership upon rank-and-file members, and second, in relation to the outside world, by the organization towards those perceived to be outsiders.⁷⁵ Putnam has little to say about the problems of internal democracy in voluntary associations and their internal power structures. Voluntary associations also play a key role in selection of issues which will take political arena. This selectivity of the political system is also responsible for the supremacy of the upper strata in the associations and their over-representation in the leadership in those associations.⁷⁶

Applications of Social Capital

There are some of contexts in which social capital, it has been argued, plays an important causal role in various sociological outcomes. According to Arrow, "There seems to be a widespread consensus on the plausibility of the hypothesis that social networks can affect economic performance".⁷⁷ Different contexts have been identified by different authors wherein social capital can be crucial. It would be helpful to try and identify those contexts to build a proper understanding of the concept. While defining social capital, we have seen that authors have emphasized on interpersonal relationships and social networks and their effect on the efficiency of social exchange. The inherent idea behind such understanding is that positive externalities cannot be achieved without some kind of coordination. Imperfect competition creates inefficiency; social capital can potentially ameliorate such inefficiencies. Information asymmetries are an inescapable feature of human society. As a result, exchange is hindered either because agents who could benefit from trade cannot find each other, or

⁷³ Siisiainen. M. (2000). op cit.

⁷⁴ *ibid.*

⁷⁵ Weber. M. 1911, *Geschäftsbericht*. In: Verhandlungen des ersten deutschen Soziologentages vom 19.-22. Oktober. Tübingen, cited in Siisiainen. (2000).

⁷⁶ Siisiainen. M. (2000). op cit.

⁷⁷ Arrow. K. J. (2000). "Observations on Social Capital", in Dasgupta et al (ed.) *Social Capital: A Multifaceted Perspective*, pp.3.

because, having found each other, they do not trust each other enough to trade. In either case, some mutually beneficial exchange does not take place. Thus search and trust become two fundamental determinants of efficiency of social exchange.

Both formal institutions and interpersonal relations help to improve social exchange. Social capital literature principally focuses on the role of interpersonal relations. Social capital, for instance, helps individuals in the search for jobs. Unlike the stock market the labour market does not have any equivalent institution to circulate accurate and up-to-date information about jobs and workers. According to Granovetter, interpersonal relationships play a crucial role in channeling information about jobs and job applicants. A large proportion of jobs are allocated on the basis of personal recommendations and word-of-mouth.⁷⁸

The idea of social capital has received considerable attention from the economists as a means to economic development. There seems to be a widespread consensus on the plausibility of the hypothesis that social networks can affect economic performance. Trust has been considered as the most important element of social capital, which can promote economic progress. There is also a wide spread consensus that much of the reward for social interaction is intrinsic- that is the interaction is the reward- or at least the motives for interaction are not economic, although it might also be the case that networks and other forms of social interactions may be formed due to economic reasons. Social networks guard against market failure that is caused by asymmetric information. Under some circumstances social organizations may be created by deliberate action. When there is genuine participation, these organizations are more efficient than when under top-down management. Robert Putnam claims that membership in associations strengthen economic efficiency even though the associations themselves play no role in either the polity or the economy. According to Arrow, structurally this proposition is reminiscent of Max Weber's thesis on the "importance of religion in the workings of the economy."⁷⁹ In both the cases there is a transfer of ways of thinking from one realm to another. Arrow proposes that existing social relations can be thought as a preexisting network into which new parts of the economy have to be fitted. At the same time, new projects will create their own unintended social relations, possibly destroying the existing ones.

Economists, who are interested in the idea of social capital, have tried to define the concept of capital in various ways and have tried to see whether social capital can at all be a capital or not. According to Bourdieu capital is accumulated labour which, when

⁷⁸ Granovetter. M. (1975), op cit.

⁷⁹ Arrow. K. J. (2000). op cit.

appropriated on a private basis by agents or groups of agents, enable them to appropriate social energy in the form of reified labour. He defines capital as:

“Capital, which, in its objective or embodied forms, takes time to accumulate and which, as a potential capacity to produce and to reproduce itself to identical or expanded form, contains a tendency to persist in its being, is a force inscribed in objectivity of things so that every thing is not equally possible or impossible.”⁸⁰

For Bourdieu, it is impossible to account for the structure and functioning of the social world unless one reintroduces capital in all its forms and not solely in the one form recognized by the economic theory. He further argues that economic theory has reduced the universe of exchanges only to mercantile exchange, which is oriented toward maximization of profit, defining other forms of exchange as non-economic.

If we consider a group of persons who have identified a mutually advantageous course of action and find them reaching an agreement on the allocation of rights and obligations, we could have a situation when they share benefits and burdens on the basis of reciprocity, i.e. you help me when I am in need and I will do the same. Narayan and Pritchett⁸¹ describe five mechanisms through which how social capital affects outcomes. One is that they improve society's ability to monitor the performance of government, either because government officials are more embedded in the social network or because monitoring the public provision of services is a public good. Two, it increases possibilities for co-operative action in solving problems with a local common property element. Three, it facilitate the diffusion of innovations by increasing inter-linkages among individuals. Four, it reduces information imperfections and expands the range of enforcement mechanisms, thereby increasing transactions in output, credit, land and labour markets. Finally, it provides informal insurance (or informal safety nets) between households, thereby allowing households to pursue higher returns, but more risky, activities and production techniques.

Conclusion

In this section I have tried to survey the definitions of social capital, how it is measured, look at its different components and find its applications. We have seen that different authors have defined social capital from their respective theoretical positions. Coleman has looked at social capital from a functional approach and defines social capital as those aspects of the society that facilitate certain action of actors. Putnam is quite influenced by Coleman, while he has his roots in Toquevillian ideas. As a result, he has emphasized trust, networks and

⁸⁰ Bourdieu.P. (1986). op cit. pp. 24 I.

⁸¹ Narayan. D.. Pritchett. L (1997). "Cents and Sociability: Household Income and Social Capital in rural Tanzania". Environment Department and Policy Research Department. Washington. DC. World Bank.

norms. Putnam and Coleman's formulations have attracted a large following, including among them social scientists in policy making institutions such as the World Bank. An alternative to their approach is the formulation of Bourdieu. Influenced by Marxist thought, Bourdieu has seen the root of social capital in class consciousness. To him, "connections" play a vital role in the reproduction of classes. We have also compared the perspectives of Putnam and Bourdieu to come to the conclusion that Bourdieu's formulation is much more subtle and provides a sound understanding. Unfortunately his contribution has been neglected. The lack of sound theoretical understanding has also lead to problems of measuring social capital. We have attempted to look at two components of social capital, namely trust and civic association, to see that the Putnamian interpretation of these elements is profoundly misleading. Social capital has been applied in diverse fields of development, some of which we have looked at here. In the following section I would like to provide a systematic and detailed critique of the concept of social capital. And in the next chapters I would like to see the application/ impacts of social capital to democracy and development.

SECTION: II

Social Capital: A Critique

As we have seen in the preceding section, the idea of social capital was virtually unheard outside a small circle of academics even in the early 1990s. In a decade's time, in fact after the publication of Robert Putnam's *Making Democracy Work* (1993) the concept has experienced a meteoric rise in popularity. We have seen that social capital has been used to explain diverse things; indeed anything that falls beyond the market transaction have been encompassed under social capital. Interestingly, social capital has been explored by people from two different theoretical backgrounds-the functional approach, put forth by Coleman and Putnam, and the critical theory of society developed by Bourdieu. We have dealt in detail with both these perspectives. While promoting social capital, the World Bank has depended on the Putnam perspective while carefully neglecting that of Bourdieu. Here we will try to build up a critique of the Putnam-World Bank version of social capital. Doubts have been raised against Putnam's version of social capital for its theoretical depth, its definitional issues, its methodology, its analysis of history, and even the political economic reasons behind popularizing the concept. People have argued that social capital has grossly neglected the role of class, politics and power; it has been also seen as a concept popularised by the economists to colonise other disciplines of social science and as World Bank agent for promoting a development process which aims to bypass the state.

Evolution of Social Capital

It has been argued that there have been concerted efforts to colonise social science disciplines by neo-classical economics. Economists have tried to incorporate the non-market transaction into its forte. Earlier the different social science disciplines were not interested in reducing the social to the individual and the economic, despite rigorous efforts from the neoclassical economists to convince them. In the neo-liberal era economists, however, were committed to market principles with limited reservations. The information theoretic approach, proposed by Stiglitz,⁸² considered the case of market failures and market imperfections, particularly the case of asymmetric information between players. This can be seen as a clear deviation from neo-liberal economics. The new approach uses imperfect information to explain three possible outcomes: where markets do not clear, i.e. supply exceeds demand without prices falling; supply equals demand but more transaction could take place- market clears but with inefficiency: and the wide range of situations where markets are absent altogether (classic examples are small rural credit, health insurance for the elderly etc.).⁸³

These results were important to mainstream economics because they showed that the market economy can also work imperfectly without any constraint being imposed upon it. Market imperfection has also been used to explain non-market behaviors like institutions, culture, and custom etc- opening up those areas which were traditionally concerns of other social scientists, for the economists. The non- market has been considered here to be the optimizing behavior of the individuals in the face of market imperfections. This new micro-foundation claims to explain institutions, structures, customs etc, albeit on the basis of a more circumspect methodological individualism than before. These had unforeseen effects on other social sciences. As a result, economics has colonised other social sciences as never before as in the last two decades, forging an alliance with rational choice theory.⁸⁴

The meteoric popularity that social capital has gained has been largely due to the World Bank's initiative to present it as the "missing link" in development. Indeed this was precisely the period when the role of the Bank itself rose to prominence in setting the trajectories of development in countries across the globe through its Structural Adjustment Policies. Till the 1980s the Bank was committed to what has been called the "Washington consensus", at the heart of which was the idea that the market reined supreme, and the role of the state was

⁸² Stiglitz, J. (1994), *Whither Socialism?*, Cambridge. MIT Press.

⁸³ Fine, B. (2002). "It ain't social, it ain't capital and it ain't Africa, *Studies Africana. No.13*

⁸⁴ *Ibid.*

regulatory, at best.⁸⁵ Given the predominant influence of the Bank, it is not surprising that development thinking became an issue of "state vs. market". The important elements of the new consensus were stringent fiscal discipline, reorientation of public expenditure, targeted social expenditure; tax reform; trade and financial liberalization: elimination of barriers to FDI; privatization and deregulation of in the name of a competitive market economy and ensuring secure property rights. But by the 1990s, criticisms of the Washington consensus started to appear from different quarters, both from without and even within the financial institutions themselves.⁸⁶ In addition, the Bank's own assessments showed that these policies did not always yield the desired results. For example, the success of the "East Asian Tigers" revealed that their achievement depended on "governing the market" rather than "free markets". It was argued that the late developing economies had "developmental states" which built efficient institutions.

The information theoretic approach recognized the wide presence of market imperfections in developing countries and the inadequate presence of institutions to deal with the imperfections. According to Stiglitz, the neoclassical model of perfect competition leaves out history, institutional, and distributional considerations, to carve out the heart of development economics.⁸⁷ He emphasised that in developing countries, even without state failures, market failures are quite pervasive, and, along with the fundamentals like resources, technology, preferences etc., play a vital role in determining the economic outcomes: they also explained that developed and the developing countries are in different production functions. The implication is that both markets and institutions should be the targets of social policy, together with less austerity and less extreme stance towards state than what was dictated by the Washington consensus. Thus emerged what has been called the post-Washington consensus. Much emphasis was placed here on the creation of efficient institutions and on good governance.

Although this perspective proved to be too radical for the World Bank, and Stiglitz had to resign from the Bank, the post-Washington consensus has not only survived, it has prospered. This new approach helped the Foreign Institutional Investors in several ways. Complete macro-economic mismanagement and inconsistent behavior of hot money led to collapse of several developing economies in the 1990s; these, it must be remembered

⁸⁵ The phrase the Washington consensus¹ was suggested by Williamson, J. ("What Washington Means by Policy Reforms in .I. Williamson (ed.) *Latin American Adjustment: How Much Has Happened?*, Washington. Institute for International Economics, 1999.) The "consensus" referred to being that amongst development agencies, particularly the IMF, the Bank, located in Washington D. C. (Harris, 2001: 78)

⁸⁶ Harris. J. (2001). op cit.

⁸⁷ Stiglitz. J. and Hoff. K. (1999). "Modern Economic Theory and Development", Symposium on Future of Development Economics in Perspective. Dubrovnik.

had been earlier considered the role models in financial liberalization. Thus the legitimacy of these FIs was at stake. The post-Washington consensus helped them survive their legitimacy crisis and to present themselves as people-friendly. What this implied is not that these macro-economic policies had been fundamentally wrong, as argued by critics, but merely needed fine-tuning through instruments of governance. Not only that, this managed the task of leaving adjustment policies untouched, while extending the scope of interventions from the economic to the social.⁸⁸

As we shall see in a moment, the attraction that the concept of social capital held for the World Bank is quite transparent. It is thus not surprising that the World Bank heavily financed research programmes to explore its theoretical dimensions and policy relevance; indeed it has been remarked that more social scientists were working in the Bank on this one single area than any other in all the Universities of the world. The reason the concept was so attractive is that social capital apparently explained and provided solution to problems like economic stagnation: it did so without including the state and political factors such as the new rise of imperialism globally. This particular thinking in development is mostly concerned with the idea of "good government" which essentially meant transparent and accountable government working consistently to provide the conditions for effective and efficient markets. It is in this context that the ideas of "civil society", "decentralisation", "participation", and, at a later stage "social capital" gained such currency. The basic idea is that through "participation" in "voluntary local associations", which may be confused with NGOs, people are "empowered", in "civil society". A vibrant civil society, which implies strong civic sense, acts both as a check upon the activities and the agencies of the state, and thus leads to both greater efficiency and to good governance. Here good governance not only means responsiveness, accountability, and transparency, but also the pursuit of policies that are supportive of market. This formulation of good governance ultimately transcended to "democracy" and decentralization, with the understanding that at the local level community action is most effective. The inherent theme was to replace the earlier "top-down" version of development with a so called "participative" one.⁸⁹

The involvement of state was kept at bay because it was strongly believed that it would destroy initiatives which were beginning to blossom within civic society on the basis of social capital. According to Ben Fine it allows the social to be mopped up in an all-embracing notion that complements rather than challenges its economic analysis, which is

⁸⁸ Fine, B. (2002). op cit.

⁸⁹ Harris (2001:81)

now based on market imperfections.⁹⁰ For the World Bank, social capital explains what is otherwise inexplicable and it is the factor that allows the society to function successfully. Social capital raises our sights and ambitions from the level of the individual to the level of society, from market to non-market and from narrowly defined individual motivation to customs, norms, institutions and rules. So it has become hugely attractive because it provides an ample scope of application and, more importantly, it does so with out much criticizing what has gone before. Social capital has the unmatched ability to reinterpret the existing scholarship. Putnam goes to the extent of suggesting that Marx embraces social capital when he exhorts workers of the world to unite, having nothing to loose but their chains. Putnam also suggests that social is to complement economic engineering, with the principle of supporting self help raised from the individual to a collective level of community.⁹¹

Problems of Definition

Several authors have recognised the difficulties in defining social capital.⁹² The World Bank considers it as "the glue that holds societies together and without which there can be no economic growth".⁹³ Social capital has been used as *deus ex machina*, explaining many things. It is a multidimensional concept, which is claimed to have a high degree of heuristic value. More and more variables have been- included in the definition: from horizontal to the vertical, from the bonding to the bridging to the linking, from social values to networks and associations, and so on. Indeed, it could perhaps be stretched to include a hundred more variables. Alternatively such a proliferation of content can be manageable by a recomposition into broad categories to question whether social capital is, for example, complementary to or substitute for real capital or the state. Social capital glosses over the problems associated with the multidimensional and conflictual nature of social stratification- the divisions of class, race, ethnicity, gender, age, which are long known to be fractured by divisions. As a result, points out Fine, social capital has turned out to be a middle range theory, analysis suspended somewhere between grand systemic theory and mere description.⁹⁴ Making use of the ambiguity of this definition, there have been efforts to choose a definition which suits the specific purpose of the project, leaving social capital merely as a metaphor or at best a heuristic devise. Often the distinction between what social capital is and what it does is confusing. The confusion has deepened with the recognition

⁹⁰ Fine. B. (2002). op cit.

⁹¹ Putnam. R. (2000), *Bowling Alone: The Collapse and Revival of American Community*, Simon and Schuster. New York.

⁹² See Portes (1998), Lin (1999), Harris (2001), Fine (2002), Durlauf (2002).

⁹³ For world bank's understanding on social capital one can visit the website www.worldbank.org/preni/poverty/scapital/whatsc.htm

⁹⁴ Fine. B. (2002). op cit.

that social capital is subject to a perverse, dark, negative down side; it can be good or bad according to the circumstances.

Social capital thus tries to explain too many things, explaining everything from individual to societies whether the issue is the sick, the poor, the criminal, the corrupt, dysfunctional families, work and organization, democracy, development and governance, collective action, indeed even communal pogroms (Varsheney).

On the other hand, social capital has also been deployed across theories and methodologies as diverse as post-modernist Marxism and mainstream neoclassical economics. It is an all-encompassing notion that has swept across the social sciences. Fine notes that social capital can be truly "democratic" in the sense that any body, starting from the community of scholars, to the politicians or even activists, can participate in the discourse from their own perspective. Explaining everything, it can of course explain nothing, while appearing to proffer an explanation. The rapid prominence of social capital can thus be seen as a disturbing trend towards the popularization and degradation of scholarship.

Cohen looks critically at the recent popularity of the term civil society especially in the context of American society.⁹⁵ In the current usage, Cohen argues, the term communitarianism has lost the progressive theoretical importance it once had. In the current American context, with the rise to prominence of right-wing Christian fundamentalism, the term has been equated with the traditional forms of association including the traditional family. This analysis has been overlaid by the rhetoric of moral decline, so that the decline in social capital in America is reduced to the problem of identifying the sources of moral corruption within the society. In this view "democracy" essentially means the State's noninterference with the voluntary associations of civil society. This appropriation of civic society is theoretically impoverished and politically suspect. It has reduced the complex functions of civil society to a vague conception of "social trust", which is assumed to be generated only by traditional family structures and traditional civic engagements. Cohen argues that the current rhetoric discounts the central role of legal and political institution in making possible these associations and the social capital they represent.

Although social capital is unlimited in principle in terms of what it can incorporate and address, and how it does so, the evolution of the literature in practice is far from neutral in its content and direction. It is reflected in what it has left out. Contributions to social capital has

⁹⁵ Cohen. J. (1999). "Trust, Voluntary Association and Workable Democracy: The Contemporary American Discourse on Civil Society' in Mark E. Warren (ed.) *Democracy and Trust*. Cambridge. Cambridge University Press, cited in Harris (2001).

tended to focus on civic society and its associational forms and ethos, isolating it from serious consideration of the economy, formal politics, trade unions, role of the nation-state, the exercise of power, the divisions and conflicts that are endemic to the capitalist society. This negligence is evident in, for prominent example, Putnam's works on Italy and US.

Social capital and History

Putnam's *Making Democracy Work* gave currency to the idea of social capital, and created huge euphoria within the academic and policy making circles. Critical scrutiny of the book however shows up several fallacies: in methodology, in terms of logic and most importantly, in historical accuracy. His historiography exposes the ideological underpinnings of his work very strikingly.⁹⁶ Moreover his analysis reflects the tendency to substitute historical analysis with models or sociological generalizations. Putnam projects stereotypical idea of social and political differences between north and south of Italy, each of them treated as if they are homogeneous entities, northern Italy having a virtuous dynamic, and the southern part having a vicious one.

Putnam proposes that the two regions of Italy are locked into historical path dependence. He has derived this idea from the work of economic historians who have shown that past events may constrain present choices and, despite the presence of superior alternatives, it might be the case that inefficient technologies and institutions persist.⁹⁷ According to Harris, such an idea ultimately boils down to cultural determinism. He points out that north and south Italy are imbued with a distinct culture which can have roots in a thousand years of history. But to derive the conclusion that Italians were active social agents at some point of time and they subsequently became locked in "predetermined games of life" for centuries, is objectionable. According to Harris it reflects an understanding that "culture" is static and unchanging. Anthropologists have criticized this idea to point out that "culture" should be seen as "referring to bodies of ideas, symbols and values which are always subject to contestation with in the field of social power in any society, which is therefore never complete but always changes historically".⁹⁸ Moreover historical evidence suggests that the difference that is evident between the two regions maybe the outcome of recent historical initiatives of development in which the state and political process had major roles to play.

⁹⁶ Harris (2001: 31)

⁹⁷ One classic essay is Paul David's 'Clio and the Economics of QWERTY' published in *American Economic Review*, 75, 1985, pp. 332-37. He shows in this essay how and why English- language type writers have long had such a curious arrangement of letters- even though it is a pattern that is not conducive to efficiency. According to Harris (2001), David (1985) has used the idea of path dependency in a rigorous way. But Putnam has used it more as a metaphor.

⁹⁸ Harris. J. (2001), op cit. p-32-33.

Putnam found the least civic areas of Italy to be the traditional villages.⁹⁹ He traces the roots of these differences right back to the Middle Ages and the establishment of Norman feudal kingdoms in the south, while communal republicanism grew up, meanwhile, in the cities of northern and central Italy. A feudal agrarian structure, and social institutions riddled with clientelism and patron-client relationships gave rise to pervasive mistrust. He observes that peasants were in competition with each other for the best strips of land and vertical relationship with the patron and client, and obsequiousness to the landlord, were more important than horizontal solidarities. Putnam draws support from the account of Banfield who has explained the extreme poverty and backwardness in rural towns of the south to the inability of the villagers to act together for a common good and their negligence of anything which hinders the immediate material interest of the nuclear family.¹⁰⁰ Such an idea of "amoral familism" allocates primacy to ethos rather than the material conditions which gives rise to it. Here the family provides the primitive substitute to a civic community. On the other hand, Putnam observes, the north and central Italy have a long history of "civic engagement" and "norms of generalised reciprocity" which has given rise to a virtuous spiral of "brave reciprocity". Sabetti however points out that the kind of land structure that Putnam refers to is far from being a relic of medieval times and is of much more recent origin.¹⁰¹ Indeed that this may be the consequence of the recent political changes of the 19th century. The iron circle of economic and civil opportunity created a situation of oppressive socio-political conditions. This point has been extended by Tarrow.¹⁰² He refers to the fact that the Italian south up till unification knew nothing but foreign rule and government that reflected the logic of colonial exploitation. These tendencies did not even disappear after the unification.¹⁰³

Ellis Goldberg has questioned Putnam's overemphasis on Norman-ness of the south for its lack of civic culture.¹⁰⁴ He points out that in England the Norman invasion is characterized by a centralized state which gave an advantage over the more complex feudalism in France.

⁹⁹ Putnam, R. (1993), op cit. p-114.

¹⁰⁰ Banfield, E. C. (1958). *The Moral Basis of a Backward Society*. Chicago: The Free Press cited

in Harris (2001).

¹⁰¹ Sabetti F. (1996). Path Dependency And Civic Culture: Some Lessons About Italy About Interpreting Social Experiments, *Politics and Society*, vol-24 no. I. March.

¹⁰² Tarrow S. (1996). "Making social science work across time and space: A critical reflection on

Robert Putnam's "Making Democracy Work", *American Political Science Review*. 90(2).

¹⁰³ *Ibid*. p-395.

¹⁰⁴ Goldberg, E. (1996). "Thinking About How Social Capital Works", *Politics and Society*, 24 (I).

If we compare the Norman kingdoms in Europe, we find the very dynastic culture imposed on two different initial conditions yield two different historical outcomes. Rather than Norman-ness, he suggests that the real answer lays another couple of hundred years further to Anglo-Saxon history as opposed to the Arabic cultural antecedents in Sicily.

While other historians have expressed their concerns about Putnam's romanticizing the city states in northern Italy, Sabetti provides evidence to show that southern Italy was also not lacking civiness.¹⁰⁵ As pointed out by Sabetti, Putnam neglects the evidence of communal self governance in the south; he does not recognize that the church affiliated institutions in the south represented the embryo of democratic institutions. He also fails to recognise that in the Capitanata regions in the south, there emerged a labour movement that was more powerful than its counterparts in the north. Movements of landless labours that started in the Apulia region in the nineteenth century maintained internal democracy as they spread. On the other hand the workers' leagues in north-central Italy became very centralized and hierarchical, and were easily broken by the fascist onslaught in the 1920s. In contrast, Apulia's landless workers provided much solid resistance to fascists. According to Sabetti, this was possible because they could build up more solid foundations of general norms of reciprocity and networks of associations than their counter parts in the North.

From the above analysis we can conclude that Putnam's historical model of virtuous north and vicious south, as long running historical path-dependent social systems rests on shaky foundations. There is substantial evidence to suggest that the differences Putnam identifies between south and the north in terms of civic community are relatively new phenomena, having to do with the process of state- building in modern times. Evidence also contradicts Putnam's claim that civiness helps the state structure to grow. Indeed, it can be concluded that the causality runs in the opposite direction.

Tocqueville and Putnam

Robert Putnam's work on the US is based on the idea which was advocated by Alexis de Tocqueville in the book *Democracy in America*.¹⁰⁶ Analyzing the contrast between nineteenth century Europe and the US, Tocqueville suggested that America, at that time, was an oasis of social cohesion built upon democracy, where the town-hall assemblies of New England were the centers of democratic activity.

¹⁰⁵ Sabetti, F. (1996), op cit.

¹⁰⁶ In his book *Democracy in America* Tocqueville contrasted the *sense of community localism and egalitarian ethos*, which he assumed to exist in the US. *with the climate of hierarchy, social tensions, and class struggle* in existence in continental Europe at that time.

Putnam's 2002 publication, *Bowling Alone: The Collapse and the Revival of American Community*, which became a classic within few years of its publication, has emphasized the decline of community feeling in the last few decades of the twentieth century in the U.S., once a society with high levels of sense of community.¹⁰⁷ Putnam has described this sense of community as social capital, defining it as a major resource for the quality of life. He attributes the erosion of the sense of community to a whole set of social, cultural and technological developments, such the generational change of values, suburban sprawl, two-career nuclear families and so on, all of which, he argues, has separated people in the U.S. from each other. Putnam showed that although more Americans go bowling than ever before, participation of teams and bowling leagues have gone down drastically. These, according to Putnam, are likely to establish the weak horizontal ties that are the base of social capital. He also observes that many other forms of association are much less strong than they were thirty years ago. He notes, for instance, that fewer people are involved in community groups, fewer citizens turn out to vote, that church attendance is down, and that union membership is declining. This separation, according to Putnam, has caused deterioration in the quality of life in many dimensions, from the quality of education, to safety in the streets, and indeed has led to increasing cardiovascular diseases. While analyzing this decline, he found that there is strong generational effect: those who are born between about 1910 and 1940 are more likely to participate in associations, than those born in later years.

According to Putnam, such deterioration can be checked only through a profound change of the order which took place in the Progressive Era, the nineteen forties. What Putnam ignores, of course, is that the changes then, involved a strong and purposive government, which took the U.S. forwards to imagine a new future where even citizens could participate in all spheres of public and private life. Higher civic participation, according to Putnam, will recover and reestablish a sense of community and bind U.S. society together again. Following the quantitative trends of current social science research, Putnam quantified the effect of participation on citizens' quality of life: a ten minute increase in commuting time, writes Putnam, causes a ten per cent drop in community activity; joining a club halves your chance of dying next year.¹⁰⁸ Putnam's arguments were widely appreciated by politicians, both Republicans and Democrats, who found in them support, for cutting back on government expenditure and relying on the private sector and the voluntary organizations for programmes intended to rebuild communities, shattered by neo-liberal changes.

¹⁰⁷ Putnam, R. (2000), op cit.

¹⁰⁸ Ibid.

There are several critiques of Putnam's thesis from different perspectives. Robert Samuelson has characterized this theory of loss of civic community and the growing feeling of social splintering as dubious. He points out that the 25 per cent decline in all group membership since 1974 occurs only after he has made a statistical adjustment for rising educational levels. In the past, better educated people have joined more groups. Over the years, however, group membership has not increased with rising educational levels. Discounting this adjustment, the evidence, Saumeulson notes, does not indicate any major decline in volunteering.¹⁰⁹ Other commentators have also remarked upon the kind of romantic nostalgia for the 1950s reflected in *Bowling Alone*, which overlooks both the extent of prejudice and social divisions in the US at that times, the extent to which the kind of associations that were strong were the preserve, very largely, of older white men, or of women as house wives.¹¹⁰

Lemann observes that Putnam has changed his tune remarkably when he turned his attention from Italy to the U.S.¹¹¹ To him, civic engagement in Italy is "historical path dependence", the vibrancy of associational life in north- central Italy and the supposed lack of it in south, are held to be the outcomes of long historical processes, and difficult to change. Yet in US, it seems that the extraordinary decline in associational life has taken place in a very short period of time, and active citizens can turn things around in similarly short period. This clearly reflects the inconsistencies in his analysis.

One of the more powerful academic critiques has come from one of Putnam's colleagues, Theda Skocpol. Her research on civic community in the U.S. has led to significantly different conclusions from those of Putnam.¹¹² Contrary to his account, where associational life is dominantly local and the outcome o: individual initiatives, Skocpol finds that civic associations in the U.S. were encouraged by historical events like the American Revolution, the Civil War, and the New Deal etc. Until recently they were fostered by the institutional patterns of U.S. federalism, legislatures, competitive elections, and locally rooted political parties. With substantive historical analysis, she has contested Putnam's understanding that social capital arises or declines in a realm apart from politics and government. Skocpol challenges popular wisdom, which is also shared by Putnam that voluntary groups flourished in U.S. because of the absence of a strong national state. According to her; these groups were

¹⁰⁹ Samuelson. R. (2000), www.epn.org/issues/civilsociety.html

¹¹⁰ Reeves, R. (2001), "We Bowl Alone But Work Together", *New Statesman*. April2.

¹¹¹ Lehman. N. (1996): 'Kicking in Groups'. *The Atlantic Monthly*, 277, April, cited in Harris (2001).

¹¹² Skocpol. T. et al. (1999): "How Americans Became Civic", Draft paper for Skocpol!, T., Fiorina, M. P. (1999) *Civic Engagement in American Democracy*. Brookings Institution Press and Russell Sage Foundation.

often built from the top down. From the very beginning of the American nation, democratic governments and political institutions encouraged the proliferation of voluntary groups linked to regional and social movements.

Politics and Social Capital

One overwhelmingly obvious, and important, point is that Putnam's analysis omits politics. According to Navarro, the remarkable absence of power and politics in Putnam's analysis of American society is not surprising, because one of the major characteristics of the research in the social sciences in recent decades is that they are taken over by the language of de-politicised economics.¹¹³ This, to him, is a consequence of the supposed triumph of capitalism that has closed any debate about what type of society and economic system we want, focusing the debate instead on how to manage the only existing economic system. Consequently, the purpose of all social action is accumulating more capital so that individuals can compete better. To Putnam or Coleman, the capital can be physical, monetary or social, but it is capital nevertheless. An individual's ability to compete for resources and rewards is enhanced by the network of which she is a part and participant. Participation, organization, and togetherness make individuals stronger, more resourceful, and finally more competitive- by increasing their capital. This clears Putnam's agenda of remaking the social capitalist.¹¹⁴ According to Navarro, this specific Putnam meaning of social capital reveals his lack of awareness that the absence of togetherness may be precisely rooted in the existence of capitalism and competitiveness and their adverse effects in alienating and atomizing our citizenry. A clear contradiction is revealed in Putnam's desire for togetherness on the one hand and his call for competitiveness that capitalism forces on its adherents on the other. According to Navarro, togetherness would be encouraged not by expanding capitalist relations but precisely it's opposite: an expansion of anti-capitalist relations.

Another crucial feature of Putnam's analysis is that it omits the political element of the purpose of togetherness and participation. The purpose of togetherness, which immediately defines a group's objectives, alliances, and adversaries, is different in labour movement to that of members of mafia. However, to Putnam, these are only two forms of social capital. According to Navarro, it is not appropriate to define the solidarity of labour movements as social capital. As Stephen Samuel Smith *et al.*¹¹⁵ point out, solidarity in labour movement was not only a source of strength but also an object in itself: brotherhood and sisterhood in a

¹¹³ Navarro (2002). *op cit.*

¹¹⁴ One of the chapters in Putnam (2000) has title "Towards an Agenda for Social Capitalists."

¹¹⁵ Smith, S. S. *et al.* (2002). "It may be Social but Why is it Capital?" *Politics and Society* 30(1).

classless society. The objective of labour movement was for many years to transcend capitalism and the competition on which it is based. To see solidarity as a means of getting more capital in order to become more competitive is to fail to understand the history of class struggle in different parts of the world. Moreover, as Navarro points out, the purpose of the labour movement was not social cohesiveness, but rather full realization of a historical struggle to achieve human emancipation.

Putnam's analysis of northern Italy also overlooks the importance of political struggles. He welcomes depoliticizing Italy's politics and "de-ideologisation" of her communist party as a sign of maturity. His analysis becomes very superficial when he fails to recognize the fact that the welfare and well-being of Italy's northern region is the outcome of the enormous struggle carried out by the Communist Party in this region. Similarly, while analyzing the progressive era, he attributes the success to the reforms emanating from the ideas of the leaders of that era, who could, apparently, correctly diagnose the problems of civic engagement deficit. He assumes that reforms of that period were the works of social engineers with the right ideas. Thus, ironically, people disappear from being active agents of history. In the same way, Putnam also overlooks the huge social mobilizations and conflicts among social classes in the U.S. that lay behind the progressive reforms. It appears that reforms were derived from enlightened public interventions designed by the middle class leaders, ignoring class, gender and racial conflicts and the constant pressure from below. It was the power of the labour movement along with the women's movement that forced the power structure to take up progressive reforms. This also led to considerable redistribution of resources in the U.S..¹¹⁶ Navarro points out that historians like Howard Zinn and Eric Foner have shown that many of the progressive era reforms were influenced by the socialist movements globally. All of them saw the need to rely on federal interventions to redistribute power. Reforms at that time were in fact sharply different than those called for by the current communitarians. Emphasis was on the need for active federal interventions, and reducing the power for the states and local governments which were generally controlled by corporate interests and the upper strata. The upper classes used the state's rights and communitarianism as a way to prolong their class privileges. Given the multi class communities in the United States, strengthening the community meant strengthening the existing pattern of class control. Social cohesion in those highly exploitative communities was of no benefit for the majority who were at the bottom of power structure.

¹¹⁶ Navarro. V. (2002). *Op cit.*

This lack of understanding of political power is also reflected in Putnam's analysis of contemporary changes in the U.S. According to Putnam, the present trend towards de-unionisation among the working class is primarily an issue of cultural values. Young labourers, to his belief, feel less need or motivation to join unions. Such an explanation overlooks the reality that the labour movements in U.S. have been through a period of attack both from the federal government and employers. The power of the labour unions has also declined in the face of globalisation and the anti-labour Zeitgeist of the period. To attribute this to merely individual desires and motivation is to merely miss the woods for the trees. Such an explanation is also seriously misleading.

Putnam's lack of understanding of the distribution of power therefore severely undermines his solutions, even as inequality is rising in the U.S., ultimately reducing the sense of community. The community-based initiatives have not been able to address issues of inequality; rather they have contributed to creating highly inequitable structures. Navarro has cited the example of community-based and community run public schools which have created a highly unjust and dual system. This is because schools in the relatively well-off communities are definitely better endowed and provide better quality services. As an alternative to this, the centralized and universally funded French education system has been successful in creating a relatively equitable structure.

Thus the above analysis suggests Putnam's understanding of social capital, being largely influenced by the Tocquevillian idea, ignores the relevance of class politics and fails to understand power relations in society. As a consequence, the interpretation of U.S. history, where the decline of civicism has been seen as the main factor hindering development, has failed to recognize the role of class conflicts in shaping history. In short, the explanation is not causal, being unable to trace the root of the existing problems in the U.S.

Making Democracy Work is a book on the operation of democratic politics, but the near total absence of political conflict from its pages is puzzling. Putnam's works on Italy and America ignore the possibility that the civic engagement that he talks about might well be the outcome as well as a cause of a particular kind of political behavior. One area where the absence of politics is most glaring is his discussions of the origins of the stocks of social capital in north and south Italy. According to Putnam, social capital and cooperation seem to breed one another in a virtuous circle. Repeated cooperation seems to generate stocks of social capital. Social capital, in turn, helps to sustain social cooperation. As a result social capital seems to be reinforcing and cumulative. Thus, according to Putnam, "Virtuous circles result in social equilibria with high levels of cooperation, trust, reciprocity, civic engagement and collective well-being. These traits define the civic community. Conversely, the absence

of these traits in the uncivic community is also reinforcing. Defection, distrust, shirking, exploitation, isolation, disorder, and stagnation intensify one another in a suffocating miasma of vicious circles".¹¹⁷

The virtue of thinking of social capital in terms of social equilibria is that it captures the circularity of the relationship between the act of cooperation and the likelihood of mutual collaboration in the future. But the danger is that it skirts the important issue of how the virtuous or vicious process gets initiated. How the people of the North-central Italy first came to seek collaborative solutions leaving aside their conflicts and dilemmas, is the question to ponder. Putnam avoids the question of its origin, and leaves it to the "mists of the Dark Ages". Boix *et al* has tried to address the issue.¹¹⁸ Their explanation is based on the theme that the origins of cooperation in a given community can only be understood as an outcome of the patterns of social and political conflicts over the course of that community's historical development. According to Boix, whether or not cooperation takes root depends on the pre-existing set of political relations in the community and on the degree of inequality, polarization and conflict suffered by society — issues, which are invisible in Putnam's account of history.

Conclusions

In this section I have tried to look into several issues emerging out of the social capital debate. We have seen that neo-classical economists became interested in the concept of social capital in their effort to colonize other disciplines of social sciences. It provided the opportunity to incorporate non-market transitions into the forte of neoclassical economists who were so far interested in market transitions only. Proponents of social capital have been largely influenced by the information theoretic approach, which uses market imperfection to explain non-market behaviors like institutions, culture, custom etc. The non-market has been considered here to be the optimizing behavior of the individuals in the face of market imperfections, which is nothing but a more circumspect form of methodological individualism.

We have seen that the World Bank took major initiatives to popularize the concept of social capital. By the late 1980s, it had become clear that the Washington Consensus had failed and that the market alone could not be the panacea for the many ills of the developing world. At this juncture Putnam's "discovery" of social capital provided the opportunity to the Bank to do away with the past damages. Social capital thus came to be coined the "missing

¹¹⁷ Putnam. R. (1993). *op cit*. p-177.

¹¹⁸ Boix *et al* (1996), "Making Social Capital Work: A Review of Robert Putnam's Making Democracy Work: Civic Traditions in Modern Italy". Harvard University, Paper No. 96-4.

link in development". A post-Washington Consensus emerged where both markets and institutions became the targets of social policy. Social capital apparently explained and provided solution to problems like economic stagnation without including the state. The involvement of the state was kept at bay because it was strongly believed that it would destroy initiatives which were beginning to blossom within civic society on the basis of social capital. The Non Governmental Organizations (NGOs) were seen as the channels to develop civic society. More and more development assistance started pouring in towards the NGOs, bypassing the state. NGOs, being fully dependent on donor funding, had to take up initiatives that suited the purpose of the donors.

We have also seen that social capital is conceptually vague. It has tried to explain too many things with too little at hand. Moreover, it is not neutral in its content. This becomes clear from its omission of the role of power and politics, divisions and conflicts in the development process. This is evident in the works of Putnam who is largely influenced by the idea of communitarianism, which essentially aims to bypass state and politics and banks upon civicness and community feelings for development. Several authors have noted that Putnam's analysis of Italy and America are full of contradictions. To him civic engagement in Italy is "historical path dependence", the vibrancy of associational life in north-central Italy is held to be the outcome of long historical processes, and difficult to change. Yet in the U.S., it seems that the extraordinary decline in associational life has taken place in a very short period of time, and active citizens can turn things around in similarly short period. It cannot be denied that Putnam has shown remarkable consistency on one occasion - neglecting the role of state and politics in development in his analysis of American and Italian history. He has shown that the development of north Italy has been due to the presence of civic culture and associationalism. But he fails to recognise that the development in North- Central Italy has been due to the presence of vibrant political movements, some lead by the communists. While analyzing the reforms in the progressive era, he talks about the upsurge of community feeling and voluntarism in the U.S. The fact of the matter is that progressive era is probably the only brief period in American history which has experienced mass movements, by labour, women and the oppressed, which ultimately lead to popular reforms.

The triumph of capitalism has closed the debate about which kind of society we should have. Rather the debate is now about running the only existing political system. It is argued that participation, organisation and togetherness make people stronger in civil society and that this leads automatically to development. But this understanding fails to recognise that the tickets of togetherness may be precisely rooted in the existence of capitalism and

competitiveness. Basic characteristics of a capitalist society are: those who produce do not own the means of production, and capitalists earn profit only by the exploitation of the labour. Thus conflicts and inequalities are inherent into the system. In an iniquitous society, where prosperity of one group depends on the exploitation of the other, it is quite natural that groups with conflicting interest will compete rather than cooperate. It need hardly be said that people with a commonality of interests will cooperate; this cooperation is called class solidarity but not social capital.

The enormous appetite of social capital to bring anything under its fold leads its authors to include even the solidarity of labour movement in social capital. Labour movements have a purpose too, other than building social capital. Solidarity in a labour movement is not only a source of strength but also an object in itself- brotherhood and sisterhood in a classless society. Moreover the purpose of labour movements was not social cohesiveness, but rather full realization of a historical struggle to achieve human emancipation. Community-based initiatives rather than reducing inequalities all too frequently enhance them. Communities that are better endowed will be able to provide better facilities for its members, while those who are less empowered will be pushed further back. Here comes the importance of politics and the state. Politics unites people with common interests and the interest of the majority is reflected in the initiatives of the state. It is only the state that can redistribute resources to undo existing inequalities. Thus we find that the idea of social capital is not only theoretically flawed but that inapposite historical analysis and flawed methodologies have been used to establish a case against class politics and state initiatives. The politics of social capital lies precisely in de-politicising development.

Chapter: III

Social Capital and Democracy

Chapter 3

Social Capital and Democracy

Introduction

The understanding of social capital that has become incorporated into democratic governance and development theory and practice is the social capital of Robert Putnam (1993a, 1993b, 1995, 1996, 2000¹), in which the term is both combined with notions of civil society and assumed to be a principal engine of democratic government and economic growth. Putnam's arguments, however, are deeply flawed and have little empirical or theoretical support.

Social capital is considered to be a significant new road to the development and strengthening of democracy. Putnam's concept on social capital is applied in most of the studies. It is described as "network (associations within civil society), norms and trust" that enable participants to act together more effectively to pursue shared objectives. The macro level of analysis is used by considering the linkages among associational life, civil engagement, trust, governance and politics.

Putnam acknowledges his debt to Tocqueville and states:

"Recently, American social scientists of a neo-Tocquevillean bent have unearthed a wide range of empirical evidence that the quality of public life and the performance of social institutions are indeed powerfully influenced by norms and networks of civic engagement".²

His reading of de Tocqueville strongly suggests that networks of trust and voluntary associations are "win-win" sets of relationships in which everyone involved benefits. This is evident in his basic definition of the idea. He states, "Social capital refers to connections among individuals-social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called 'civic virtue'".³ Voluntary associations, therefore, are not confrontational encounters based on vested interests, but rather "feature of social life-networks, norms, and trust- that enable

¹ Putnam, 1993a. *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton NJ, 1993b. *The Prosperous Community: Social Capital and Public Life*, *American Prospect*, spring, pp-35-42, 1995. *Bowling Alone: America's Declining Social Capital*, *Journal of Democracy*, p-65-78, 1996. *The Strange Disappearance of Civic America*, *American Prospect*, winter, p-34-48, 2000. *Bowling Alone: The Collapse and Revival of American Community*, NY

² Putnam, 1995:60

³ Putnam 2000:19

participants to come to whether to *pursue shared objectives*".⁴ Bowling leagues, PTAs, Elks Clubs, Church groups, and trade unions⁵ are therefore theoretically, politically, and morally comparable. Even though he examines them individually in his recent book,⁶ they all perform very similar functions.

But, it is claimed that the benefits of social capital and civil society extend beyond simply promoting and supporting democratic institutions of government to generating and sustaining economic growth which is the subject of discussion in the next chapter.

To be sure, not all reviews of *Making Democracy Work* have been unconditionally enthusiastic. Critics have taken issue with Putnam's interpretation of his data,⁷ his account of Italian history⁸ and his theoretical treatment of social capital.⁹ But even reviewers who have found faults with *Making Democracy Work* have emphasized the contribution that the book has made to the study of democratic political institutions and the importance of the research agenda that it has initiated. The goal of this chapter is to further this research agenda by critically examining the book's key concepts -- social capital, associational life, good government and democracy-- and exploring the causal linkages among them. My objective is to identify some of the issues that will have to be taken up and explored along the way.

In this chapter I critically examine social capital and its relationship with associational life, democracy and state. The chapter also identifies the absence of political conflict, political institution, power and class relations as a peculiar feature of dominant social capital theorization in general and Putnam's account of Italian politics and history in particular, and we explore the implications of its absence for the theoretical conclusions Putnam reaches and the generalizability of the findings he presents. The chapter also provides some empirical studies and argues that the relationship between social capital and democracy is context-dependent.

Social capital and democracy

Although its origins lie in the nineteenth-century classics of sociology, the concept of social capital owes its currency chiefly to the more recent work of two sociologists, Pierre

⁴ Putnam 1996:34; emphasis added

⁵ Putnam 1995

⁶ Putnam 2000

⁷ Goldberg, Ellis. 1996. "Thinking About How Democracy Works," *Politics and Society* 24 (March), pp. 7-18.

⁸ Filippo Sabetti, 1996. "Path Dependency and Civic Culture: Some Lessons from Italy About Interpreting Social Experiments," *Politics and Society* 24 (March), pp. 19-44; Sidney Tarrow, 1996. "Making Social Science Work Across Space and Time: A Critical Reflection on Robert Putnam's *Making Democracy Work*," *American Political Science Review* 90 (June), pp. 389-397.

⁹ Levi. Margaret, 1996. "Social and Unsocial Capital: A Review Essay of Robert Putnam's *Making Democracy Work*," *Politics and Society* 24 (March), pp. 45-55.

Bourdieu and the late James Coleman. Bourdieu first used the term in the 1970s to refer to the advantages and opportunities accruing to people through membership in certain communities.¹⁰ Coleman, while defining social capital without precision, also used it to describe a resource of individuals that emerges from their social ties.¹¹ It is this study which identified social capital as relationships among persons, groups, and communities that foster trust and facilitate action. After analyzing certain instances which illustrated the particular forms in which social capital could manifest itself, Coleman stated that “social organization constitutes social capital, facilitating the achievement of goals that could not be achieved in its absence or could be achieved only at a higher cost”.¹² In this way, social capital is conceived as useful in overcoming problems associated with collective action and should facilitate the production of public goods.

While the concept of social capital has been developing in the fields of sociology and economics since the 1980s, it has only recently come into the fore in political science. It was Putnam’s work mentioned above which introduced the concept of social capital into the study of democracy. This was a natural extension of the concept, for if social capital is beneficial in turning “rational fools into effective cooperators” in the market place,¹³ it should also prove advantageous in the effective functioning of a pluralist political system. As Putnam concluded in his study, social capital both “bolsters the performance of the polity and economy”.¹⁴

One reason for the intense scholarly and public attention that social capital has received is its alleged consequences for democracy. These consequences were articulated 150 years ago by Tocqueville,¹⁵ who said:

“A single Englishman will often carry through some great undertaking, whereas Americans form associations no matter how small a matter. Clearly the former regard association as a powerful means of action, but the latter seems to think of it as the only one. Thus the most democratic country in the world now is that in which men in our time carried to the highest perfection the art of pursuing in common the objects of common desires and have applied this new technique to the greatest number of purposes. Is that just an accident, or is there really some necessary connection between associations and equality?”

¹⁰ Bourdieu, Pierre, 1977. *Outline of a Theory of Practice*, Cambridge; ‘*The Forms of Capital*’ in J. Richardson (ed) *Handbook of Theory and Research for the Sociology of Education*, NY. 1986.

¹¹ Coleman, 1990. *Foundations of Social Theory*, Cambridge.

¹² Coleman, 1990, p. 304.

¹³ Newton, K., 1997. *Social Capital and Democracy*. *American Behavioral Scientist* 40, p. 576

¹⁴ Putnam, 1993, p. 176.

¹⁵ Tocqueville, Alexis de. 1988 (1835). *Democracy in America*. New York: HarperPerennial. P-514.

Thus, “bowling alone”¹⁶ bothers us not because solitary figures at the alley are inherently depressing, but because their alienation has political consequences. This formulation contains a causal order, not always explicitly stated, whereby social capital is an important precondition for democracy. Of course, the connection is not self-evident. For one, Levi¹⁷ questions the link “between bird watching and political activism.” An even more pointed criticism is that this causal order is precisely backwards. Jackman and Miller¹⁸ argue that Putnam’s (1993) and Inglehart’s¹⁹ conceptions of social capital are embedded in a political cultural framework that corrupts the original conception (Coleman 1988, 1990), which was embedded in a rational choice framework. Jackman and Miller favor the rational choice approach because it “endogenizes” social capital and highlights the incentives, particularly the institutional ones, that create or inhibit cooperation and trust. Thus, if the endogeneity thesis is correct, democratic institutions produce social capital, not the reverse. Debate over the relationship between social capital and democracy is part of a larger dispute about the role of culture in explaining democratic stability. For example, in his research, Inglehart argues that culture helps produce economic prosperity and democratic stability. In modeling these phenomena, he typically includes some measure of culture (or “values”) as an independent variable. Jackman and his colleagues²⁰ challenge these empirical results and assert the primacy of institutions. Inglehart²¹ rejoins by arguing against “Institutional Determinism.”

In *Making Democracy Work*, Putnam conducts an in-depth analysis of political culture, institutions, and democracy in Italy. By analyzing the development of identical new regional institutions in Italy, this longitudinal study was able to determine the extent to which such institutions were “shaped by the social context within which they operate”.²² His research led to three main findings. The first is the notion of the “civic community.” Defined as a community characterized by active participation in public affairs, vigorous associational life, horizontal relations of reciprocity and cooperation, and mutual trust, Putnam found that the “more civic a region, the more effective its government”.²³ Another important finding regards patterns of social behavior. Putnam contends that in the more civic northern and

¹⁶ Putnam :1995

¹⁷ Levi, 1996:49.

¹⁸ Jackman, Robert W. and Ross A. Miller. 1998. “Social Capital and Politics.” *Annual Review of Political Science* 1: 47-73.

¹⁹ Inglehart, Ronald. 1997. *The Silent Revolution: Changing Values and Political Style*. Princeton

²⁰ e.g., Jackman, Robert W. and Ross A. Miller. 1996a. “A Renaissance of Political Culture?” *American Journal of Political Science* 40: 632-59; 1996b. “The Poverty of Political Culture.” *American Journal of Political Science* 40: 697-716.

²¹ Inglehart, 1997: 207.

²² Putnam, 1993, p. 8.

²³ Putnam, 1993, p. 98.

central regions, lateral social relationships are more prevalent. Here relations tend to be based on equality, which he states “is an essential feature of the civic community”.²⁴ In sharp contrast to this, vertical social relationships characterize Italy’s southern regions, where politics is organized hierarchically, leading to patron–client relationships.

These concepts of the civic community and patterns of social interaction are elaborated upon and developed into Putnam’s social capital thesis. He states that

“social capital ...refers to features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated action”.²⁵

In finding that indicators associated with a civic community were strong determinants of democratic effectiveness, Putnam concludes that stocks of social capital, as embedded in trust, norms, and horizontal networks of civic engagement, are the “key to making democracy work”.²⁶

The production of democracy through the strengthening of civil society is a central project of present development work. The civil society project takes its strength from a confidence in the pragmatic value and moral worth of strong democracy. Pragmatically, robust democracy is taken as the most effective context for people to enhance their quality of life and address basic human needs. As important, morally, democracy is increasingly seen as a goal of development itself.

Democracy is fundamentally a vision of social arrangements that is continually re-envisioned and re-imagined. The prevailing paradigm of democracy is an ideal arising from particular historical and cultural contexts. However, the principles of democracy, while contextually situated, resonate in varying ways and degrees with other society. Specifically, the aspiration for self-reliance extends well beyond the fairly young Western experiment in democracy. More abstractly, the inclination to exercise agency in one’s life and the aspiration to “flourish”(Nussbaum,2000) cut across diverse society around the world.

“Democracy” as we know it is not the only or best governing system that embodies the principles of self-reliance and promotes agency by individuals. Democracy, it is argued, depends upon not only ‘practices and institutions’ but also ‘certain ideas, sentiments, and habits’.²⁷ These sentiments and ideas are often referred to as the civic virtues, or civility, a

²⁴ Putnam, 1993, p. 105.

²⁵ Putnam, 1993, p. 167.

²⁶ Putnam, 1993, p. 183.

²⁷ Banfield, E. C. (1992). *Civility and Citizenship in Liberal Democratic Societies*. Paragon House, New York. p-23.

commitment to the norms of plurality, trust, tolerance, and concern for the public good.²⁸ The contribution of these norms to making democracy work are held to be their facilitating role in the success of collective projects enacted from various points in the political community.

Community, as the locus and intersection of numerous social, religious, and familial networks, may be characterized by a high degree of social capital. Social capital is produced from and constituted by relationships of mutual respect and “norms of generalized reciprocity.”²⁹ Many have contended that it is impossible to de-link individual entitlements from their community identity in local-based networks. In this view, community networks are seen as largely inflexible, resistant to change, and, ultimately, more powerful than principles of individual rights and equality.

Authors such as Putnam and Tocqueville emphasize the positive role of customs of civic involvement for the greater performativity of representative government.³⁰ They hold that, if prevalent in the citizen body, virtues of trust and participation help those who are charged with governing to carry out their tasks. Civility is often held to be the most important, even crucial, element of civil society. Not only is civility necessary to the success of representative democracy, but it is also essential to the maintenance of a civic sphere where self-government is made possible because of ‘spontaneous cooperation, governed by collective notions of fairness and just desert, not regulation or rules imposed by authority’.³¹

Participation and engagement with political and communal activities bring citizens into close contact with one another, and are clearly essential to the accumulation of social capital. Civic engagement is an impact of democratic governance. People engage with others through a variety of lateral associations. These associations must be both voluntary and equal. Putnam notes that not all associations are equally good at facilitating communication. ‘A vertical network’, Putnam writes ‘cannot sustain social trust and cooperation.’ ‘Vertical flows of information are,’ Putnam contends, ‘often less reliable than horizontal flows, in part because the subordinate husbands information as a hedge against exploitation.’ Additionally in vertical networks ‘sanctions that support norms of reciprocity against the threat of

²⁸ See for example Bellah et al, 1991 *The Good Society*. Knopf, New York.; Sandel, M J. 1982. *Liberalism and the Limits of Justice*. Cambridge University Press.

²⁹ Edwards, Michael and Bob Foley, 1996. “The Paradox of Civil Society” in *Journal of Democracy*: 7.

³⁰ de Tocqueville, 1969. *Democracy in America*. David Campbell, London. ; Putnam et al, 1993

³¹ Deakin, N. (2001). *In Search of Civil Society*. Palgrave, Basingstoke, p-60.

opportunism are less likely to be imposed upwards and less likely to be acceded to, if imposed'.³²

It is a traditional assumption in the political science literature that social capital sustains democracy.³³ It has been argued that social capital among citizens enhances trust in democratic institutions and practices. This argument raises several questions. For example, what does it mean that people trust in democratic institutions? Do they expect the institutions to benefit them personally or to treat all claims and opinions neutrally or impartially?³⁴ When discussing the relationship between social capital and trust in public institutions, one should also consider the "dark sides" of social capital.³⁵ In public decision-making and administration, certain types of networks of trust and reciprocity may be considered signs of weak public morality and corruption. In this respect, it is relevant to make the distinction between inward-looking networks pursuing the benefit of the members only and outward-looking networks dedicated to the pursuit of the public good. Another widely used distinction is between bonding social capital, i.e. exclusive connections between like-minded people, and bridging social capital, i.e. inclusive connections between social cleavages.

One of the most pervasive critiques is that many studies *a priori* cite social capital as a prime causal factor in democratization even though there is no agreement in the literature over social capital's correlation with democratization, much less its role as a causal factor. In reaction to this commonplace *a priori* assumption, research has been conducted that has attempted to disprove the link between social capital and democracy.³⁶

Trust

Trust is an essential element of healthy democracies, because democracy depends on people being willing to put their own destiny in the hands of other. There are distinctions between trust in institutions and trust in individuals. The former, confidence in institutions, points to the fact that much of contemporary life depends less on informal, interpersonal transactions than on norms and social structures in which these specific transactions are embedded. Trust in individuals is distinguishable in terms of the specificity or generality of the individuals in question. Within a family, neighborhood, or small community of acquaintances, one may say that most people can be trusted because deep knowledge of

³² Putnam et al, 1993:174.

³³ e.g. Putnam 1993

³⁴ Cf. Barry, Brian, 1995. *Justice as Impartiality*, Oxford.

³⁵ Putnam, 2000.

³⁶ Kathleen Dowley and Brian Silver, 2002. "Social Capital, Ethnicity and Support for Democracy in the Post-Communist States," *Europe-Asia Studies* 54, no. 4; Natalia Letki, 2003. *Explaining Political Participation in East-Central Europe: Social Capital, Democracy and the Communist Past*, (Oxford: University of Oxford)

those particular individuals has been established over a period of time.³⁷ Trust entails a willingness to take risks in a social context based on a sense of confidence that others will respond as expected and will act in mutually accepted ways, or at least that others do not intend harm.³⁸ Trust plays a central role in modern society and its polity.³⁹ Trust matters - sometimes a lot. Generalized trust in others leads people to join voluntary associations.⁴⁰ It also makes them more likely to engage in a variety of other collective actions. People, who generally trust others are more likely to engage in voting, work on community problems, give to charity, volunteer time, and be prepared on a jury. Trust in other people is a key factor in many forms of participation.⁴¹

In the research on social capital and democracy the idea of trust building is a key concept. Some authors, such as Rose, believe that trust is built through a top down process where either institutions sponsor and nurture trust in citizens or cultural traditions perpetuate trust.⁴² Other authors, such as Putnam, flirt with the idea of a bottom-up, tit-for-tat trust reciprocity mechanism.

Both social capital and connectedness are important for what they produce. Communities with strong positive values (including trust in others) and ties that bind people to one another will have more powerful norms of generalized reciprocity and cooperation. Trust as a moral resource leads us to look beyond our own kind. It means that we downplay bad experiences and cooperate even when we are not sure that others will oblige.⁴³ Trust makes for a vibrant community in several ways. Trust promotes cooperation.⁴⁴ It leads people to take active roles in their community, to behave morally, and to compromise.

We can minimize our risks by cooperating only with our own kind or our close friends. People will burrow themselves into their own communities and trust only people they know - what Yamigishi and Yamigishi⁴⁵ call "particularized trust." In an interdependent world

³⁷ Wuthnow, Robert. 2002. The United States: Bridging the Privileged and the Marginalized? In Robert D. Putnam (ed.). *Democracy in Flux: The Evolution of Social Capital in Contemporary Society*. New York: Oxford University Press. p-64.

³⁸ Bullen, Paul and Jenny Onyx.(2002). *Measuring Social Capital in Five Communities in New South Wales* . www.mapl.com.au/a2.htm,

³⁹ Fukuyama F. 1995. *Trust: The Social Virtues and Creation of Prosperity*, NY; Putnam: 1993.

⁴⁰ Putnam, 1995.

⁴¹ Uslaner, Eric M.1999. *Democracy and Social Capital*. In Mark E. Warren (ed.), *Democracy and Trust*.Cambridge: Cambridge University Press. p-128

⁴² Richard Rose, William Mishler, and Christian Haerpfer, 1997. "Social Capital in Civic and Stressful Societies," *Studies in Comparative International Development* 32, no. 3.

⁴³ See esp. Uslaner, Whiteley etc 1999, in Paul Whiteley and Kenneth Newton, eds., *Democracy and Social Capital in Europe*. London: Routledge.

⁴⁴ Putnam, 1993, 171

⁴⁵ Yamigishi, Toshio and Midori Yamigichi. 1994. "Trust and Commitment in the United States

where people come into contact with strangers, trust in most people--what Yamigichi and Yamigichi call "generalized trust"--assumes a more important role. If societies are to do more than reproduce themselves, if they are to prosper, they must interact with others. And they must make the rational gamble that others are trustworthy. In this more expansive web, particularized trust will be inimical to social capital. We need to go beyond our kin and in-groups to trust a wide range of people, especially those whom we don't know and who are different from us.

The distinction between generalized and particularized trust helps solve a puzzle that has dogged those who believe that social capital is important. Skeptics and critics argue that social connections--and, by implication, trust--don't always serve the public good. The Ku Klux Klan, militia movements, and gangs are voluntary associations. But few would say that they contribute to a virtuous society. The Klan, militia groups, and gangs (among others) do many of the same things that "socially desirable" civic associations do. They have meetings, raise funds, and even may promote social activities. Yet they promote behavior that virtually everybody else considers repugnant. These groups are based on particularized trust. Have faith only in your own kind. Others are out to get you. Only people who trust widely can produce social capital.

People who have less have a greater incentive to look out for themselves rather than contribute to collective goods--except when things look bright for the future and taking a risk does not seem like such a long shot. But when things look bleak, as in periods of increasing income inequality that have marked contemporary America, trust makes less sense for the downtrodden. First, one's proportionate risk is far greater than another's. Second, when the rich get richer and the poor don't get richer, the less well-off may well feel exploited--and not quite so charitable (or trusting) to those who benefit at their expense.

Democracies are breeding grounds for generalized trust and social networks. Why? Levi (1996) and Muller and Seligson (1994)⁴⁶ argue that living in a democracy makes you more trusting. And that seems right. But Inglehart⁴⁷ maintains that a trusting political culture is more conducive to democracy. And that seems right too. We know that trusting people are more tolerant and acceptant of minority cultures.⁴⁸ The relationship between democracy and social capital appears to be symbiotic. This seems like a chicken-and-egg problem that defies

and Japan." *Motivation and Emotion*, 18:129-166.

⁴⁶ Levi, Margaret. 1996. "Social and Unsocial Capital." *Politics and Society*, 24:45-55; Muller, Edward N. And Mitchell A. Seligson. 1994. "Civic Culture and Democracy: The Question of Causal Relationships." *American Political Science Review*, 88:635-652.

⁴⁷ Inglehart, Ronald. 1988. "The Renaissance of Political Culture." *American Political Science Review*, 82:1203-30.

⁴⁸ Uslaner, 1994.

causal ordering.⁴⁹ But Inglehart⁵⁰ presents data (and an argument) that help us sort things out: Democracies can't produce trust, but autocracies will destroy it. So the causal logic seems to look like this: Democracy doesn't depend on trust. In fact, democracy, as Mueller argues,⁵¹ doesn't seem to depend on much of anything.

Democracy is no guarantee of either trust or a vibrant community. Democracies that are badly divided by ethnic, religious, or racial clashes may be only marginally more trusting than autocracies that are similarly split.

Whereas Putnam emphasizes the role of social trust in fostering democracy, Skocpol points⁵² out that the creation and evolution of democratic regimes also is fostered by conflict and distrust. Research in her volume makes clear that scholars who use different theoretical perspectives may reach differing conclusions about how voluntary associations affect civic life, social capital formation, and the operations of political institutions.

Natalie Fenton's essay,⁵³ locates the development of the ideas of trust and civil society in their historical context and questions whether they are appropriate for contemporary circumstances: "How far can a set of ideas associated with the emergence of modern social relations...provide an understanding of *late* modern social and economic conditions?" (p-152). Indeed, she contends, late modern processes of "individualization" and "marketization" have made the ideas of trust and civil society problematic. "Recourse to classical model of trust, based on interactions between free, rational and private individuals, is insufficient to late modern social conditions" (p-172). She concludes that the idea of trust, as it is used in the discourse on civil society, blocks "alternative visions of civil society as a site for critical and diverse forms of solidarity" (p-173). These are critical insights that reveal just how problematic the notions of trust and civil society are.

The contributors to *Beyond Tocqueville*⁵⁴ take issue with Putnam's approach to social capital. These articles make important contributions to a rethinking of social capital. The authors in this volume utilize the structural, sociological version of social capital developed by the French Sociologist Pierre Bourdieu and James Coleman. They argue that Putnam's

⁴⁹ There is no significant effects for trust on change in democracy or for change in democracy on trust.

⁵⁰ Inglehart, Ronald. 1999, *Trust, Well-Being and Democracy*. In Mark Warren, ed., *Democracy and Trust*, Cambridge.

⁵¹ Mueller, John, 1996. *Democracy, Capitalism and the End of Transition*, in Michael Mandelbaum, ed *Post-Communism: Four Perspectives*, NY, p-117-18.

⁵² Skocpol, Theda, ed. 1999. *Civic Engagement in American Democracy*, Washington.

⁵³ Fenton, Natalie, 2000. "Critical Perspectives on Trust and Civil Society", in *Trust & Civil Society*, eds. Fran Tonkiss and Andrew Passey, NY.

⁵⁴ Edwards, Bob, M Foley, 2001. *Beyond Tocqueville: Civil Society and the Social Capital Debate in Comparative Perspective*, Tufts University, London.

notion that trust must be generated outside of social networks misses the crucial ways that social capital is analogous to financial capital. Social capital is part of a social structure that facilitates or inhibits the actions of those within it. It is not lodged in the heads of individuals from which it can then be captured by large-scale surveys of trust and other variables. Rather, social capital is differentially distributed within social structures, dependent on relationships and positions within social networks. Power considerations (who have access to resources, and one's position in a hierarchical social network) influence the accumulation of social capital. Social capital is best understood as a social structural variable that describes social networks, a kind of "social infrastructure" linking individuals and organizations to one another. The editors argue that "social capital is best conceived as access (networks) plus resources" (p-277).

Putnam has no answer to the question of how interpersonal trust can become generalized trust, beyond the implicit suggestions both that people acquire habits of mind—that those in societies with lots of voluntary associations are more inclined to be trusting of others in general—and that there are positive externalities from cooperation in associations. But how and why membership in one association necessarily 'leads to overcoming free-rider problems on another is problematic'.⁵⁵ And it is clear that there is no simple process of aggregation whereby the interpersonal trust between the members of lots of football clubs (say) adds up to generalized societal trust. Far from it, when it is evident that the reciprocity and trust within one group may be built up through the exclusion of others.

Putnam's implicit suggestions may be fair enough in themselves, but they are very weak. Are there not other conditions—even if they don't have to do with voluntary associations—which give rise to more generalized trust in a society? For example, it is possible that a shared identity provides a basis for trusting a stranger, or shared beliefs. Trust may be based upon common religious allegiance, or upon a shared political ideology.

Somewhat ironically for the argument of *Making Democracy Work*, recent empirical research by Brehm and Rahm has shown 'a stronger relationship running from trust in institutions to interpersonal trust than the other way round, suggesting that more trustworthy governmental institutions make for greater social trust in a society'.⁵⁶

Those of us who are critical of Putnam are certainly not arguing that trust or reciprocity (the ideas/values which are referred to in the concept of 'social capital') are unimportant in relation to cooperation between people, and to functioning democracy. Nor were we suggesting that what Putnam calls 'civic engagement' doesn't matter.

⁵⁵ Levi. 1996:49.

⁵⁶ cited by Foley and Edwards 1999.

Interpersonal trust—which is what Putnam, following Coleman, says is an ‘essential element’ of social capital—is quite clearly not like this. It is by definition specific and contextual.⁵⁷ One trusts particular people, in particular contexts. There is no mechanism whereby such interpersonal trust is generalized.

Associational Life and Democracy

Paxton conducted extensive research on the relationship between associational life and democracy across the world. Paxton believes that associational life is beneficial for the creation and maintenance of democracy because it has the ability to mobilize and create opposition to non-democratic governments and disseminate discourse critical of authoritarian regimes, while in democracies groups can provide information, facilitate communication, force government accountability and breed good leaders.⁵⁸ Groups can also enforce reciprocity and form an organizational basis for a democratic political culture. Paxton tests the theory using a cross-national empirical test based on data from the WVS, the Union International Associations and a measure of democracy called Bollen’s Index.⁵⁹ She finds that there is a reciprocal relationship between social capital and democracy. Social capital appears to cause democracy in the beginning and then in the later stages, when democracy has matured, it in turn enforces social capital. Paxton also finds that different types of associations have different implications for democracy. Then most important associations are those that have the most crosscutting membership, and the least influential are those that have an isolated membership. Those associations with a connected membership have a positive correlation with democracy and those with an isolated membership have a negative correlation.⁶⁰

Paxton raises sufficient evidence to confirm that social capital influences democracy; however, she does not venture into explaining how trust or membership are created or increase. Because she focuses her research at the aggregate level (of which Newton would approve) she states that she cannot ascertain what might be the most important factors affecting social capital and imparting it to individuals.⁶¹ Built into this statement, is the implicit assumption that social capital is the property of individuals (something Newton would not approve of). Thus, Paxton’s research confirms that social capital is important for

⁵⁷ Harriss, 2001.

⁵⁸ Paxton, Pamela, 2000. Social Capital and Democracy: An Interdependent Relationship, *American Sociological Review* 67, no 2:254.

⁵⁹ Ibid:255. Bollen’s Index is measurement of Liberal democracy on a scale of ranging from 0-100

⁶⁰ Ibid:272.

⁶¹ Ibid:273.

democracy and supports the idea that a mechanism of trust creation based on the individual must be found.

Curtis, Baer and Grabb carried out research that looked at what characteristics explained civic associationalism at the aggregate-level. Their research looks for explanatory factors in country-level characteristics and attributes while controlling for independent factors such as age, education and marriage. Curtis et al find that three factors are correlated with high levels of membership in voluntary associations: the level of economic development, the number of years of continuous democracy, and the type of religious tradition, with mixed-Christian being the strongest.⁶² The authors conclude that membership is highest in countries which have religious diversity, separation of church and state, economic prosperity and strong democratic institutions. This research is interesting but the authors have done nothing to go beyond just proving a correlation, like Paxton they are unable to comment on what factors promote joining an association at the individual level. As a result, there is not much in the way of advice for democratizing countries on how to promote the rise of voluntary organizations.

The strong connection between social capital and institutional performance is the central empirical and theoretical finding in *Making Democracy Work*. The relationship between social capital and good governance rests, however, on a prior -- and, I suggest, not entirely unproblematic -- connection between associational participation and social capital.

If we want to predict the capacity for social cooperation in a given community, Putnam's analysis suggests, we need simply to count up the number of horizontal civic associations it contains. The higher the number of such groups, the greater the capacity of community members to overcome self-defeating opportunism and to collaborate for mutual benefit. Since such social cooperation is an important ingredient in good government -- or at least this is Putnam's claim -- the density of associational participation in a given community is of no small consequence for the quality of its political life.

Putnam's unidirectional causal logic is questioned in the book *Beyond Tocqueville*.⁶³ Putnam contends that the health of democracy depends on the quality of its associational life. The editors and authors of this volume wish to contextualize this assessment. Edwards, Foley, and Diani, invoking Michael Walzer, argued that "a democratic civil society seems to require a democratic state, and a strong civil society seems to require a strong and responsive

⁶² Curtis, James, Douglas Baer, & Edward Grabb, 2001. Nation of Joiners: Explaining Voluntary Association Membership in Democratic Societies. *American Sociological Review* 66 (6).

⁶³ Edwards, Bob, M Foley:2001.

state".(p-18). The essay in part one of this volume make a convincing case that Putnam's analytic needs to be complicated.

Precisely because of the import of Putnam's claims about the effects of associational participation, it is crucial that we evaluate them critically. My analysis suggests that, contrary to Putnam's expectations, the link between participation in civic associations and positive social outcomes is not axiomatic.

The purpose of the civic association may be highly relevant to the ability of the social capital and cooperative capacity that is formed within it to facilitate cooperation within the larger community. An example will illustrate the point. Active participation in a Sinn Fein chapter or a pro-choice abortion group may promote lots of social capital among fellow group members. That social capital may greatly facilitate the cooperation necessary for group members to organize rallies, coordinate fund-raising efforts and conduct other collective tasks. But the social capital that is forged within each of these groups may not be very helpful in facilitating cooperation with non-group members on other issues -- particularly if those non-group members are members of other groups (like the Ulster Volunteers or Operation Rescue) whose purposes are at odds, in a zero-sum sense, with the commitments of the Sinn Feiners or the right to choosers. A society full of associations dedicated to single, uncompromising imperatives which conflict with those of other associations may be a society full of social capital, but a social capital which, because of the nature of the groups in which it was created and of the polarized social context in which it will be employed, may be of very limited use in promoting community-wide cooperation.

Many critiques point to an important lacuna in the associational view of civil society: its avoidance of politics.⁶⁴ Associational life may support democratic institutions, as Putnam argues, but when these institutions are absent or ineffective civil society can detract from democracy. Historical evidences confirm the point that there is no causal relationship between strong civil society and democracy. In fact, in some cases, strong civil society may contribute to the building of its antithesis- an authoritarian state. Sheri Berman argues⁶⁵ that in the 1920s and 30s, Germany was unusually rich in associational life, with many people belonging to the sorts of professional and cultural organizations that are thought to be mainstays of pro-democratic civil society. Berman argues, however, that not only did Germany's vibrant civil society fail to solidify democracy and liberal values; it subverted them. Weak political institutions were unable to respond to the demands placed on them by many citizens' organizations, leading the latter to shift their allegiance to nationalist, populist

⁶⁴ Elliott, Carolyn M. 2003. *Civil Society and Democracy: A Reader*, OUP. p-16.

⁶⁵ Berman, Sheri. 1997.

groups and eventually to the Nazi Party. In the end, the density of civil society facilitated the Nazi's rapid creation of a dynamic political machine. Putnam's analysis is easily undermined by the empirical evidences. Whether civil society activity has positive or negative consequences for democracy and development depends in large part on the response of political institutions.

Putnam's view of associational life summons up a romanticized image of 'community' in terms of harmonious sociability, one that is not touched by the kinds of power differences with which Bourdieu is concerned. 'By themselves [too], dense network support localism, which is often extremely resistant to change', and exclusivism.⁶⁶

Social Capital and the Democratic Process: Role of the Political System

The mere existence of the basic/fundamental institution of democracy has not proved to be sufficient enough to guarantee the development of positive social capital. It is apparent that sustainable social capital requires more than a constitutional democracy to flourish. The idea of political system for the sustainable development of social capital appears to be participative democracy which engages the population in consorted deliberative process through a series of dense network of information flows and exchanges. Decentralization and participation in government affairs must be taken down to the grassroots level on the most complex issues impacting on the life of the ordinary citizen.

The development of social capital by definition cannot be nurtured in an environment of exclusion, social disintegration and the absence of safety net (mechanisms) for the protection of vulnerable groups. People subject to vulnerability, deprivation and exclusion naturally harbour the expectation of extrication from those situations sooner in their lives rather than later. Their natural instinct is to expect the most powerful or capable elements in the society to provide the means or the opportunity to remedy their situations. Further they exist to play a critical role in the formulation of these solutions and to hold veto power over the final decision of the political directorate within the established democratic political framework. This is where the element of trust on the national level is born and confidence is the power structure's ability to deliver justice in the legal and social contexts.

This section asks the question what role the political system can play in positively building a national network of civic engagement such as neighborhood associations, clubs, co-operatives and deliberative civil groups that can assist with solving common problems. The first and essential prerequisite is that the political system must guarantee the basic rights and privileges of participation in the deliberative and consultative processes. Secondly, it is

⁶⁶ Levi, 1996:51-52.

widely accepted that our political system will be one based on the fundamental principles of democracy. The political system must be the system, which underpins, enables and support our economic and other sub-systems.

The political systems must provide the conditions that will facilitate creation of channels of communication and engagement through which information about the trustworthiness of individuals and groups can flow, be challenged and confirmed. The political system must create institutions that administer fairness and natural justice in the distribution of rights, privileges and opportunities. These must be protected and there should be a process to follow when it is felt that they are being deprived or excluded.

The ordinary person must be provided with the opportunity of association with social/community groups of whatever persuasion he chooses. The political system must ensure that his contribution will be received and duly considered no matter what groups presents it. He must believe that his contribution out of the deliberative process could be so powerful that it can impact the performance of representative government. Participation in the political process must not necessarily mean political aspirations, but must be viewed as an effort to achieve a mutually beneficial outcome to both the community and the individual.

The political system should be the main system which drives the socio-economic development of the country and gives principled direction to social policy in general and the development of social capital in particular. From the political system, the rules of socialization and social behaviour will follow. The formation of networks of trust and civic engagement must be made possible by the nature of the political system. Affiliation with particular networks or groups should in on way determine opportunity or level contribution to the searching for solutions to common problems.

Structuralists have responded to the social capital thesis, quite predictably, by challenging its representation of causal arrows. Structures, they argue, remain causally prior to social relations. "Political structure and political context" are critically important, they affirm, and "can go a long way toward shaping both the kinds of organizations represented in society and their impact on the behaviour and attitudes of citizens".⁶⁷ "Social capital may be caused by how government institutions operate and not by voluntary associations".⁶⁸ Here, we can see that the structure is an important factor in strengthening democracy and facilitating social capital formation.

⁶⁷ Edwards, Bob and Michael Foley. 1998b. "Civil Society and Social Capital Beyond Putnam" *American Behavioral Scientist*, 42 (1) p-124-39

⁶⁸ Rothstein, Bo. 2001 "Social Capital in the Social Democratic Welfare State". *Politics and Society*, 29 (2), p-207-41

Bureekul studied the influence of social capital factors on governance based on the democratic concept in Thailand.⁶⁹ This study presents the results of King Prajadhipok's Institute's survey in 2001 and 2002 to help explain the existing condition of social capital in Thailand, based on Putnam's concept of studying trust in both individuals and institutions, and public participation or civic engagement. The author also studied the influence of social capital factors on governance based on the democratic concept. It was found that Thais had high trust in institutions but low trust in individuals.⁷⁰ Here also we can see the importance of institution, structure, it is not just people trust and participate with each other and achieve all the positive outcomes i.e. democracy and development.

Governments (are) a source of social capital. A large body of social democratic theory claims an important role for the state in reducing the narrow and often risky dependencies of people on each other. The new economic institutionalism stresses the importance of the state in establishing and enforcing the property rights that make trust possible. Recent work by political economists, economic historians emphasizes the role of government institutions in establishing peaceful equilibria among otherwise combative groups.⁷¹

Possessing a high level of social capital enables members of any community to act collectively for achieving diverse common goals. Agency is required, however, to help them select goals that are feasible and likely to be achieved, given the constraints and opportunities available within their institutional governments. Agents who have regular contact with state officials and market operators and who are familiar with their procedures and practices can help villagers organize themselves in ways that are more likely to succeed.⁷²

Anirudh Krishna in his book explores the question of whether and to what extent social capital contributes to the achievement of economic development, community peace and democratic participation. His study, based on fieldwork in 69 villages in Rajasthan and Madhya Pradesh, suggests that while social capital is 'significantly associated' with such outcomes-economic, social and political-- social capital alone does not explain the variation in any of these, nor does it automatically guarantee such outcomes.⁷³ To get activated and yield results, passive stocks of social capital require 'an appropriate mediating agency',⁷⁴

⁶⁹ Bureekul, Thawilwadee, *Social Capital and Governance in Thailand*, Paper presented at the 5th Asian Development Research Forum (ADRF) General Meeting, December 2-3, 2002, Bangkok, Thailand.

⁷⁰ *Ibid.*, p-24

⁷¹ Levi, 1996:50-51

⁷² Krishna, A, 2002. *Active Social Capital: Tracing the Roots of Development and Democracy*, OUP, p-9

⁷³ Krishna, A. 2002:8-10

⁷⁴ *Ibid.*:9

which in the case of Krishna's study, is provided by a new type of local political leadership. Over the last two decades, he argues, younger and somewhat better educated political leaders has emerged, who-- on the basis of their familiarity with and understanding of the procedures required by state agencies—mediate with these agencies on behalf of the village folk. Such agents are essential for the stock of social capital to be translated into the flow of benefits. In villages where social capital is high and such mediating agents are present and are effective, the economic gains to the collective life of the village are much higher.⁷⁵ Krishna suggests the constructedness of social capital. For him, social capital represents a *potential* for 'mutually beneficial collective action',⁷⁶ rather than in itself a guarantee of it.

Treating 'social capital' as referring more or less exclusively to 'horizontal voluntary associations' and what follows from them, as Putnam does at the end of *Making Democracy Work*, eliminates the role of state-backed institutions in creating conditions for the kind of wider civic involvement that is implied in his idea of 'civic engagement'. There is another important study by Harihar Bhattacharyya which emphasizes the role of political institutions, structures and agencies in creating social capital and making democracy successful.⁷⁷ Written in the backdrop of social capital theory, which privileges civil society as a precondition for the success of democracy, this study argues, alternatively, the case for 'democracy without associations' in the post-colonial societies including India as a possibility. Without denying the importance of associationalism in making democracy work, this study seeks to show that this act of associationalism may be performed by agencies not typically civil societies. There is thus a positive lesson to learn: the other regions of India, and other post-colonial societies beyond, deficient in civil society, need not despair because democracy is possible without civil societies. The democracy search in India, it is argued here, should not be hindered by the prior civil society search. In India and other post-colonial societies, the scholarly search should not concentrate on whether there is civil society or not, but whether there is democracy or not, and if yes, in what ways. The detailed case studies show that how political parties and their mass associations can be at work in making local democracy work in a favourable political and institutional context. Contrary to scholarly misconceptions about local democracy in India, this study asserts that local democracy, rural and urban, is based on the same twin principles of modernity—individuation and democracy—as democracy at national and state levels, and that there lies its developmental and progressive potentialities.

⁷⁵ Ibid:11

⁷⁶ Ibid:163

⁷⁷ Bhattacharyya, Harihar, 2002. *Making Local Democracy Work in India : Social Capital, Politics and Governance in West Bengal*, N Delhi.

As the very name of the theory suggests, the 'social' capital theory is too society-centric. It basically refers to a societal, or communitarian resource, historically built but embedded in social relations. The importance of such a cultural resource can hardly be understood for society's betterment either through social measures or representing government institutions. But the social capital theory neglects the political factors which can play the most crucial role in the making, and the working out of social capital for the sake of democracy. If Putnam et al have paid any attention to political factors, it is regarding building trust, which though may be difficult, yet might be the result of political processes. Putnam admitted that a grassroots political movement could intensify social capital.⁷⁸ Evidently, social capital refers to a community resource built historically, but erodes, as social relations, if not renewed properly. Social capital, as mutual trust among people, as relations, requires to be worked out in order to be useful to political institutions. This calls for paying attention to the crucial role of political agencies in modern party-based democracies.⁷⁹ It is not enough to say that we trust each other. This trust must be institutionalized so that it, as a cultural resource, can help work better democratic institutions. In their theory, various civil societal associations are, in the case of northern Italy, the embodiment of trust. But beyond the specific case of northern Italy, there are many cases where the political parties play the central role in renewing the trust, if any, working out and utilizing it for democratic purpose, and creating, sometimes through governmental action, further ground for new trust. This may be particularly true for democracy in non-western countries where associational life, in civil societal sense, may be very weak, and yet, democracy is functioning. Even in advanced democracy such as the UK, the political factors in shaping the 'development of social capital and its potential influence upon democratic performance' can hardly be undervalued.⁸⁰

Since the inauguration of the republic in 1950 after centuries of British colonial rule, India has successfully conducted since 1952, thirteen parliamentary polls in which the world's largest electorate has exercised their adult franchise. The voter turn-out, though below 50 per cent for the first two polls (1952 & 1957), improved remarkably since the 1960s. In 1998, 62 % Indian voters exercised their franchise in the parliamentary polls. Going a bit down the federal level, the higher percentages of voters have exercised their franchise at the State Assembly elections to form government at the state level. A study⁸¹ of political behaviour of voters at the state level elections shows that during 1993-95, the

⁷⁸ Putnam, 1993:121.

⁷⁹ Bhattacharyya, Harihar, 2002:12-16.

⁸⁰ Lowendes, V. and Wilson D. 2001. "Social Capital and Local Governance: Exploring Institutional Design Variables", *Political Studies*, 49 (4)

⁸¹ Yadav, Y., 1998. Reconfigurations in Indian Politics: State Assembly Elections 1993-95 in Chatterjee, P. ed., *State and Politics in India*, OUP, p-198. Cited in Harihar Bhattacharyya 2002.

average voter-turn out of 16 states was as high as 70.34 %. Going another step further down the political system, popular participation at the elections to form local self-governing institutions is much higher than the above two. For example, in West Bengal, more than 80% voter-turn has been recorded in all the polls since 1978 to form panchayats i.e., rural local government bodies.⁸² Political participation in the elections is taken by Putnam et al as an indicator of the stock of social capital.

And yet, democracy in India, unlike the west, has not been backed by the appropriate associational life, commonly called 'civil society'. Even if Indians in urban areas belonged to various associations, to a limited extent, the rural society which India still overwhelmingly is, is mostly devoid of civil societal attachments. Life in rural area in India is still mostly lived in villages, communities and tribes known as primary relations. But then the puzzling question is what explains India's democracy

The social capital theory apparently does not answer the question as to how democracy is sustained in India. As a sort of counter example to Putnam's social capital theory of democracy, Pradeep K Chhiber in his '*Democracy Without Associations* (1999)' has argued a case of democracy in India without associations. On the basis of data collected in the World Values Survey (1991), Chhiber shows that only 13 % of all Indians belonged to an association in 1991, a figure which was the lowest of 25 democracies.⁸³ So, the role of civil societal associations has to be appropriately contextualized in understanding democracy. Modes of organization of democracy vary enormously across democratic countries.

While Putnam places social capital at the centre of analysis of political and economic development, political parties occupy the space for Chhiber. According to Chhiber, the weak associational life in India has meant that the political party and an activist state have come to dominate political life.⁸⁴ Chhiber's conclusion then is: India is a democracy without associations. This finding when placed in relation to India's records of democracy points to a theoretical dilemma about the conditions of democracy particularly in the so-called third world.

In the post colonial context where civil society, if at all, has not developed in the same way as in the west,⁸⁵ the role of various political movements and groups assumes added significance in political democratization. In the post colonial societies, as Harihar

⁸² Bhattacharyya, Harihar, 2002:16-17

⁸³ Chhiber, Pradeep K., 1999. *Democracy Without Associations: Transformation of the Party System and Social Cleavages in India*, N Delhi, p-17.

⁸⁴ Chhiber, 1999:16

⁸⁵ Kaviraj, S and Khilnani, S eds. 2001 *Civil Society: History and Possibilities*, (Cambridge), for different trajectories of civil society in the west as well as in the non-western societies.

Bhattacharyya has argued,⁸⁶ long-drawn and successful anti-colonial nationalist political mobilizations created the basis of some mutual trust united by a sense of 'liberation consciousness', and expressed in various forms of associationalism leaving often a residue in the popular psyche which when appropriately mobilized has facilitated collective action. Bhattacharyya, while emphasizing the political factor, has elaborated the successful experiment with rural local democracy in West Bengal which has led to a number of major changes in the social, cultural and political life of the people. He studies Bengal's success with particular reference to social capital theory.

In the light of the above discussion, we can emphasize the important role of political factors in working out and making social capital work in the better performance of democratic institutions. These arguments have four components. First, social capital is a necessary and facilitating factor for better democracy, but is not sufficient in itself and needs to be appropriately utilized for democratic purpose. Second, political parties can make a lot of differences to how the democratic institutions work, but their ability to make democratic institutions work better is conditioned by the stock of social capital. Third, political parties and governmental actions can be responsible for creating further grounds for social capital. Fourth, empowerment of the subaltern groups which is the result of social and political movements in the colonies and post-colonial countries is immensely important as the bedrock for the subsequent success of democratic experiment. This is the most important reason why attempts at democratization in some countries succeed while they fail in others.

Political parties and groups formed solely for the purpose of winning elections and grabbing power without any mass mobilization for common good are limited in successfully pursuing collective action solution. For the post colonial societies, 'democracy without associations' may be the rule rather than the exception. The scholarly search for such societies should concentrate not on whether there is civil society or not, but whether there is democracy or not, and if yes, in what ways.

It is important to link the discussion of social capital with two further concept- democracy and the state. It is clear that the kind of democracy which is on offer is the thin, attenuated and rather formalistic kind of democracy that Putnam bases his assessment on. The argument I outline here is that Putnamian notion of how civil society relates to democracy and state are built on limited understanding of groups and ideas in the state-society connection (relation). Putnam firstly downplays or rejects the role of specifically state, political associations and movements in his portrait of the "civil community." Second, in describing civil society itself, he considers that horizontally structured groups capable of "cutting across" salient social

⁸⁶ Bhattacharyya, 2002:19-20

cleavages are likely to achieve the effects more generally attributed to civil society. Chandhoke rightly points out:

“Scholars, tired of conflict-centered analysis of civil societies and the state, of power, and of struggle, have enthusiastically embraced a concept that promises redemption. Whether the concept stands up to scrutiny is, however, more doubtful. Democracy in its current avatar has no potential to pose a threat to entrenched power structures. Its teeth have been blunted and it has been thinned out so much that it does not, and can not, evoke dreams of self-realization, as democracy has historically done”.⁸⁷

What is striking is that when Putnam celebrates the richness of associational life that enhances social capital, his notion of democracy is a thin, attenuated and impoverished. Thus, for Putnam democracy would preclude contestation and politics. His notion of democracy is thus a sanitized, de-politicized, conflict-free democracy. One can contest the richness of associational life that Putnam celebrates with the impoverishment of his democracy.

The Absence of Power, Politics and Conflicts

Since Putnam’s study of social capital and democracy has been largely invoked, I should begin from his formulations. Given that *Making Democracy Work* is a book about the operation of democratic politics, the nearly total absence from its pages of any discussion of political conflict is more than a little puzzling. Putnam’s account of Italian politics and history -- like his more recent work on the decline of social capital in the United States -- ignores the possibility that the patterns of civic engagement that he examines might be an outcome, as well as a cause, of particular patterns of political behavior.⁸⁸ This omission has significant implications for the theoretical conclusions Putnam reaches, largely because it rules out a whole class of competing explanations for the phenomena he is trying to explain. One area where the omission of political conflict is particularly glaring is in his discussion of the origins of the differences in northern and southern Italy’s stocks of social capital.

In my discussion of the differing social capital-producing capacities of different kinds of civic associations, I neglected to emphasize one of the most important characteristics of the relationship between civic associations and social capital: its circularity. Cooperation and

⁸⁷ Chandhoke:2003:24,58-64.

⁸⁸ Several reviewers have commented on this issue, including, Tarrow, "Making Social Science Work Across Space and Time"; Sabetti, "Path Dependency and Civic Culture"; Levi, "Social and Unsocial Capital"; and Laitin, "The Civic Culture at Thirty." Theda Skocpol identifies Putnam's problem as "Tocqueville romanticism," which she describes as the assumption that "spontaneous social association is primary while government and politics are derivative." See her "Unraveling From Above," *The American Prospect* (March-April 1996), pp. 20-25.

social capital breed one another, as Putnam stresses, in a virtuous circle. Repeated cooperation increases the available stock of social capital. And social capital, in turn, makes it possible to sustain social cooperation. As a result,

“stocks of social capital...tend to be self-reinforcing and cumulative. Virtuous circles result in social equilibria with high levels of cooperation, trust, reciprocity, civic engagement and collective well-being. These traits define the civic community. Conversely, the absence of these traits in the uncivic community is also reinforcing. Defection, distrust, shirking, exploitation, isolation, disorder, and stagnation intensify one another in a suffocating miasma of vicious circles”.⁸⁹

Putnam's position is that the explanation of how "the inhabitants of north-central Italy first [came] to seek collaborative solutions to their Hobbesian dilemmas...must await further research."⁹⁰ The "mists of the Dark Ages," he suggests, prevent us from weaving together a satisfactory historical account of the emergence of social capital in northern Italy. These "mists" should not, however, prevent us from speculating theoretically about how cooperative practices first appeared. If, as *Making Democracy Work* argues, social capital is the key to successful political and economic governance, then we must be demanding with ourselves and strive to establish systematically how the virtuous circle of cooperation, trust and civic engagement that characterizes life in social capital-rich societies is initiated.

Our explanation emphasizes that the origins of cooperation in a given community can only be understood as an outcome of the patterns of social and political conflict over the course of that community's historical development. One of the reasons that explanations fail may be that they all assume that it is the emergence of cooperation that is puzzling. It might well be the case that cooperation emerges spontaneously and that what truly requires explanation is the set of forces that block its continued growth. One factor which would clearly undermine social cooperation is a high degree of social and political conflict among potential cooperating partners. It may be that the variation in social capital stocks across the regions of Italy is an outcome of the different degrees of social and political conflict present in those regions during the 11th century.

In the North, where there was, roughly speaking, more equality, cooperation proved easy to sustain. The wide inequalities which characterized social life in the South, on the other hand, fueled resentments which prevented cooperative practices from crystallizing. Cooperation among unequals is problematic because there will always be incentives for one of the parties to defect from cooperative arrangements that perpetuate the *status quo*. The poor cannot be satisfied permanently with the existing distribution of assets, and the rich can

⁸⁹ Putnam, 1993:177

⁹⁰ Ibid., p. 180.

easily abandon any arrangement with low costs to themselves and great hardship for the poor. Furthermore, to maintain their political and economic privileges, the rich will maneuver to divide the poor. Local feudal lords, like the hegemon at the higher level, will watch peasants carefully and crush any cooperative activities that they believe might lead to organized resistance. The reason why the social cooperation equilibrium emerged only in the North may be that, in the South, feudal relations and powerful coalitions of local landowners foiled peasant attempts at cooperation. The implication of this discussion is that whether or not cooperation takes root depends on the pre-existing set of political relations in the community and on the degree of inequality, polarization and conflict suffered by society -- issues, it is worth pointing out, that are almost invisible not only in Putnam's account of Italian history but in most theoretical accounts of the evolution of social cooperation.

Part of the reason that politics figures so insignificantly in Putnam's account of Italian democracy is because of the particular society-centered lenses through which he views his domain. Where the Putnam debate gets interesting is on the question of politics. By and large, it seems to be missing in action. Ironically, then, *Beyond Tocqueville*⁹¹ performs the limitations of the civil society/social capital problematic. The essays by Mark R. Warren, Debra C Minkoff, and Jackie Smith, deal with politics and the local, national, and transnational levels, respectively. Here the struggle with Putnam and his interlocutors heats up. As Warren writes, "although we need to re-establish a cooperative basis to American politics, the communitarian version of democracy is insufficient because it fails to appreciate politics as the realm of conflict and power as well as collaboration" (p-172). What is more, the idea of social capital can be problematic, as Putnam concedes when he asks: Does it have a dark side? Is it inimical to liberty and tolerance? In *Bowling Alone* (2001, chap. 22), Putnam is pleased to report that tolerance actually seems to rise with civic engagement and participation in voluntary associations. If anything, the stay-at-homers are a cause for concern. Curiously, Putnam does not address the question of liberty. This is no accident. Tolerance can be tolerated because it is compatible with marginalisation and exclusion. But liberty as self-determination may prove tougher to control. Social and political life might become messy, unruly.

This politics is suspect in Putnam's optic because it divides rather than unites. The editors observe, "Neo-Tocquevillian liberals and conservative proponents of civil society tend to ignore or actually exclude from consideration those sorts of organisations and activities that are associated with advocacy and political action...." (p-6). Hence the importance of Eastern Europe and Latin America, where contending conceptions of civil society feature

⁹¹ Edwards & Foley, eds. *Beyond Tocqueville*, 2001.

contestation, struggle, life and death, politics. I think this volume suggests that there is a need to go not just *Beyond Tocqueville* but also beyond Putnam.

This book also highlights different types of institutional mechanisms that influence the generation of social capital. While Putnam argues that a vibrant democracy requires a strong civil society, Keith Whittington and Sheri Berman demonstrate that the responsiveness of political institutions to the demands of civil society dramatically shapes the character of a polity. The receptiveness of the state to its citizens, its level of openness or repression, significantly affects the dynamics of civil society.

Many contributors also utilize social movement literature to criticize Putnam's approach. Debra Minkoff argues that contemporary social movements engender new types of national and international collective action that moves beyond face-to-face social integration. This also promotes new opportunities for public discourse from marginalized groups who participated little in past polities. Because Putnam privileges consensus over conflict, he misses much of the significance for social change of these social movements that have developed since the 1960s.

For these authors, social capital cannot be understood as an abstract compilation of individual attitudes, but must be studied in concrete social contexts and social networks. The editors in particular contend that neither resources nor social capital can be understood apart from the social and economic contexts in which they occur. There can be systematic variation between and within groups regarding access to social capital, and trust may arise only in specific social situations that cannot be measured by aggregate social statistics.

Beyond Tocqueville raises many cogent objections to the cultural approach to social capital. The contributors show that shrinking the problems of society to the categories of individual attitudes overlooks the structural roles of state and economy that condition the reproduction of culture. They also demonstrate that social capital must be studied in social and historical contexts, and that the creation of social solidarity or trust is a contested process always coloured by social inequality and differential access to power and resources. Yet too close a focus on structural or systemic factors may also miss the problems of cultural meaning that are widespread today.

Politics and interests often get relegated to the background in discussions of social capital. Most discussions implicitly assume a group, relatively homogeneous in terms of its interests, whose members must overcome collective action problems in order to realize their shared interests. Shared norms of trust and cooperation are a means of overcoming the collective

action problems. If a community is riven by conflicting interests, the nature and meaning of social capital becomes more complicated.

The idea of synergy, implicitly takes the assumption of homogeneous interests further by assuming that public sector actors share interests with their constituents. In fact, the degree to which interests are shared across the public- private divide varies substantially from case to case and plays a central role in determining the potential for synergy. Introducing the question of conflicting interests raises in turn the question of whether conflicts are fought out in open political competition or contained by repression. Political regimes no less than bureaucratic structures condition the possibility of synergy and social capital formation.⁹²

Peter Evans has highlighted the role of institutions for democracy and development. Evans, in a multi-country analysis of the role of state-society 'synergy' in economic development, suggests that even where local supplies of social capital are plentiful the achievement of positive development outcomes requires the presence of institutional resources at larger scales.⁹³ Foremost among these Evans identifies as robust, coherent bureaucratic structures with sufficient connectedness to local organizational society to provide responsive support and the possibilities of larger arenas for collective action. Evans associates the success of East Asian economies such as Taiwan and South Korea with these broad factors, contrasting them with the functions of regulation and bureaucratic insulation that characterize South Asia's bureaucracies.

The focus on collective action and networks of close engagement raises the question of how social capital functions in divided societies where ascriptive forms of identification, such as ethnicity, represent a fundamental social cleavage. Benjamin Reilly and R. Phillpot attempt to answer this question by replicating Putnam's study of social capital and government performance in the ethnically fragmented tribally based Asia-Pacific state of Papua New Guinea, a country that in many ways could not be more different than Italy. Nonetheless, Papua New Guinea is one of the few post-colonial states to have maintained an unbroken record of democracy.⁹⁴

One reason that Papua New Guinea has been able to maintain a system of continuous democracy at the national level is that no group has anything like the size or potential to act as a hegemon and dominate others, or to overthrow the incumbent regime. The result is that

⁹² Evans, Peter, 1996. Government Action, Social Capital and Development: Reviewing the Evidence on Synergy, *World Development*, 24 (6) p-1119-32.

⁹³ Evans, Peter, 1996.

⁹⁴ Reilly, Benjamin, and R. Phillpot, 2002. "Making Democracy Work" in Papua New Guinea: Social Capital & Provincial Development in an Ethnically Fragmented Society, *Asian Survey*, 42 (6) p-906-27.

national politics is, by necessity, characterized by the products of this societal diversity—shifting alliances, cross-ethnic bargains, and diverse multiethnic coalitions— all of which have facilitated the continuity of formal democracy at the national level.⁹⁵ But because political leaders must service the needs of their tribal constituency rather than their electorate or the nation as a whole, the collective action dilemma affects government policy as well. Papua New Guinea's national motto is "unity in diversity," and there is no doubt that it has achieved some remarkable successes in uniting thousands of small stateless societies into one fractious but ongoing state structure. Ethnic fragmentations, while ensuring the continuity of formal democracy at the national level, has undermined the development of social capital at the local level and effectively created a massive collective action problem. As a consequence, politics is characterized by intense zero-sum competition for a small and dwindling reward base, and life in some parts of Papua New Guinea has reverted to a Hobbesian struggle for meager resources.

Desperate though such a situation is, it is irrational for any one individual to attempt to forge a cooperative alternative under prevailing forms of clan based social organization. Instead, the bleak logic of the collective action dilemma unwinds, as groups seeking to promote their own interests try to monopolize access to public goods and opportunities for rent-seeking by their group alone. The fragmentation of Papua New Guinea society exacerbates this problem by creating a situation of many small clans operating effectively as interest groups, attempting to exploit any available public good for their membership. The result is grossly sub-optimal outcomes for the country as a whole.⁹⁶ Even though there are interest groups and strong ascriptive identities and clan based groups which are existent but democracy has been successful in Papua New Guinea. So, the social capital alone can not explain the functioning of democracy.

Social capital may produce either a positive or a negative output. For example, Olson argues that groups may be willing to impose costs on non-members to achieve their goals.⁹⁷ In contrast, Putnam argues that co-operation among members of a group creates habits and attitudes towards serving the greater good that carry over to members' interactions with non-members.⁹⁸

⁹⁵ Reilly, Benjamin, and R. Phillpot, 2002:926

⁹⁶ Reilly, Benjamin, and R. Phillpot, 2002:926-27.

⁹⁷ Olson, 1982. *The Rise and Decline of Nations*, Yale University Press, New Haven, USA

⁹⁸ Putnam, 1993.

Research in Tanzania has found that the very poorest and marginalized women are under-represented in women's organizations in one village in Mount Kilimanjaro.⁹⁹ It can be argued that the use of participatory methods does not guarantee the inclusion of the vulnerable. Hulme (2000) argues¹⁰⁰ that best practice – open and public meetings, regular elections, financial training for leaders, the inclusion of women – does not necessarily stop elite capture of local organizations or the creation of new elites. He argues that stakeholder analysis is one way of exploring such issues.

Social capital is both affected by and affects social power structures. The ability to create or destroy social capital will depend on how power structures and traditional norms of association are engaged by field staff of external agencies. Social divisions have to be overtly recognised, actively negotiated and represented if there is to be inclusion of hitherto excluded individuals.

Social and power structures also emerge externally. Groups created as *implementers* of community development may be perceived mainly as part of some external development agency's system or project. Linked to this are concerns about *mining* social capital: using existing stocks of social capital to achieve other (external) aims and, in the process, depleting the initial stock.

In general, there is no one model for social capital formation or the creation or strengthening of local groups. Albee & Boyd argue¹⁰¹ that *there is no single answer or model to promoting participation ... there are only frameworks and guiding principles*. Pantoja (1999) argues¹⁰² that instead of one particular model of local organization, a wide variety of community organizations should be promoted. There needs to be an individual, participatory approach to each intervention.

Joan O'Mahony's research establishes that the elite of the Catholic Church in the Czech Republic demonstrate a strong commitment to the norms of tolerance, plurality, and public participation. This finding (the existence of democratic virtue within theocracy) challenges the contemporary consensus around the work of Robert Putnam and others that there is an

⁹⁹ Mercer, 1999. *Who wants to be empowered? Participatory culture and the discourse of maendeleo on Mount Kilimanjaro*, presented at the Development Studies Association Conference, Bath, UK.

¹⁰⁰ Hulme, 2000. *Protecting and Strengthening Social Capital in Order to Produce Desirable Development Outcomes*, SD SCOPE Paper No 4, UK-DFID, London

¹⁰¹ Albee and Boyd, 1997. *Doing it Differently: Networks of Community Development Agents*, Scottish Community Education Council, Edinburgh, Scotland.

¹⁰² Pantoja, 1999. *Exploring the Concept of Social Capital and its Relevance for Community based Development: The Case of Coal Mining Areas of in Orissa, India*, Social Capital Initiative WP No 18, World Bank, Washington DC, USA

inverse relationship between civility and associational hierarchy.¹⁰³ He explains this finding by showing how the organizations and networks in which the Bishops were involved during Communism, for example Charter 77 and the prison universities, functioned as ‘schools of democracy.’ These ‘schools’ produced the strong civil values of Czech Bishops still in evidence today. The argument indicates that Putnam and other social capital theorists should move beyond the formal level of associations in their search for the causes of civic virtue.

Putnam argues that homogenous social groups such as the Catholic Church produce what he calls an ‘exclusive’ type of social capital that has social effects that are ‘fragmenting, divisive and anti-pluralistic’.¹⁰⁴ O’mahony’s argument is that ‘exclusive’ or what Putnam also calls ‘bonding social capital’ cannot be regarded as the inevitable product or the necessary correlate of formally homogenous social groups. This leads to another problem with Putnam and other social capital theorists: the rigidity of the organizations that appear in their studies. Czech Bishops are not only committed to their own democratic values, but they are also committed to democratizing their organizations. The case of the Catholic Church in the Czech Republic proves Putnam wrong. Not only can Catholic churches be civil, they also have the potential to produce civil members.

Now I provide the empirical evidence of the organizations rooted in an ethnic or tribal community which are supportive of democratic institutions. For most scholars, civil society consists of all politically active voluntary organizations that are broader in scope than the family and narrower than the state, and that base membership on universalistic criteria.¹⁰⁵ Because civil society is supposed to help to overcome social divisions based on ethnic, tribal or religious identities, organizations rooted in specific identity groups are explicitly excluded from civil society. They are the ‘old’ associations that should gradually give way to ‘new’ formal organizations based upon shared interests rather than on ascribed characteristics.¹⁰⁶ This conventional wisdom holds that a group life that is based on ethnic, religious or tribal identities undermines democratic processes and institutions by turning politics into a battle to maximize the interests of each group, no matter what the consequences for others.¹⁰⁷ A well-

¹⁰³ O’mahony, Joan, 2005. *Trust in Organizations: Religious Elites and Democracy in the Post-Communist Czech Republic*, Civil Society Working Paper No.22, London School of Economics.

¹⁰⁴ Putnam, 2000:475.

¹⁰⁵ Kasfir, N. 1998a. Introduction-the Conventional notion of civil society: A Critique. *Journal of Commonwealth and Comparative Politics* 36 (2):1-20.

¹⁰⁶ Kasfir, N. 1998b. Civil Society, the State and Democracy in Africa, *Journal of Commonwealth and Comparative Politics* 36 (2):123-49.

¹⁰⁷ Holm, J D., and Molutsi, P P 1996 The Development of Civil Society in a democratic state: The Botswana Model. *African Studies Review*, 39 (2):43-69. and Fierlbeck, K. 1998. *Globalizing Democracy: Power, Legitimacy and the Interpretation of Democratic Ideas* pp. 190-200.

developed civil society provides the foundation for stable and effective democratic politics, on the other hand, and according to this view, such a civil society consists of strong and autonomous secondary organizations based upon universalistic membership criteria.¹⁰⁸ As Saxton¹⁰⁹ has pointed out, many of the authors who insist on universalistic membership criteria for the organs of civil society would consider a civil society that incorporates ethnically-based organizations to be a civil society that is 'stunted' or 'incomplete'.

Kasfir¹¹⁰ has objected to the exclusion of ethnic groups from civil society on several grounds. One is that, by insisting upon formal organizations rather than the often informal associations associated with tribal identities in Africa, we would exclude the poor. Because the poor are disadvantaged at forming formal organizations, and because those organizations that are established have less access to state elites than those based within the modern middle class, 'it is a relatively safe assumption that if civil society is defined as the activities of formal organizations, it will reflect the interests and ideas of elites or dominant classes' (Kasfir, 1998a, p. 5). A second objection is that, in societies in which ethnic identities are strong and politicized, '[i]f ethnic demands are excluded from civil society, it will be difficult to expect civil society organizations to represent anything close to the full agenda of citizens' demands' (Kasfir, 1998a, p. 7). He points out that it is difficult to argue that the ends of democracy are furthered by excluding from democratic processes the issues and organizations that are most salient for the majority of the population (Kasfir 1998b, pp. 136-38)

A number of studies of civil society in an African context have similarly concluded that groups based in particular ethnic, tribal or religious communities need to be included. Karlström argues that 'traditional, ethnically-based political organizations provide at least the potential for a positive articulation between state and society,' and that they therefore should be included.¹¹¹ Social Capital completely ignores these kinds of organization, while these organizations make democracy more participatory. In many parts of Africa, religious institutions are the best developed civil society organizations. Comaroff and Comaroff

¹⁰⁸ Shils, E. 1991. The Virtue of Civil Society. *Government and Opposition* 26 (2):3-20; Hall, J A. 1995. In Search of Civil Society. In Hall, ed. *Civil Society: Theory, History, Comparison*, Cambridge, p.1-31; Leftwich, A. 1997. From Democratization to Democratic Consolidation. In Potter D. eds. *Democratization* p. 517-536.

¹⁰⁹ Saxton, G D. 1997. *Identity Group Formation, Ethnic Group Demands, and Subsequent Integrative Response*. A Paper Presented at the Annual Meeting of the Canadian Political Science Association, St. John's. NF. p. 16.

¹¹⁰ Kasfir, 1998a; 1998b.

¹¹¹ Karlström, M. 1999. Civil Society and its Presuppositions: Lessons from Uganda. In Comaroff, J L., Comaroff, J., eds. *Civil Society and the Political Imagination in Africa*. Chicago, p.104-123.

suggest¹¹² that, rather than simply transposing a model of civil society derived from European experience on African societies, we need to ‘identify what African hybrids, Africanized modes of civil society, might actually look like. Or how they might resonate with ideals of society and accountability that differ from those found in the West.’ After reviewing the arguments for and against including ethnically-based groups within civil society in an African context, Osaghae¹¹³ concluded, ‘[t]heir inclusion is perhaps the distinctive mark of civil society in Africa.’

In fact, some societies in which ethnic identities are powerful do display a group life that appears indistinguishable from that of conventional civil societies, except that many of the component organs are groups based within particular ethnic, religious, linguistic or tribal communities. In at least a few such cases, this type of ethnized civil society also seems to provide precisely the type of support for democratic institutions and processes that is associated with the conventional version. Mauritius may be the clearest example of a state with ‘a vibrant civil society’¹¹⁴, in which the majority of the component organizations have their roots in one of the country’s ethnic communities, and in which some of these organizations are tied specifically to the interests of members of a particular ethnic group.¹¹⁵

Taking the position against the dominant social capital theorization which seeks to neglect many aspects, Foley and Edwards have given threefold argument:

“First, both Putnam’s assessment of the state of “civil community” in the United States and his account of regional government in Northern Italy underestimate the ability of newer organizations, and of specifically political associations such as social movements and political parties, to foster aspects of civil community and to advance democracy. Second, talk about “networks of civic engagement” glosses over the real, and often sharp, conflicts among groups in civil society. These conflicts, in the absence of specifically political settlements, may spill over into civil disruption and violence. Third, and most important, to understand any polity we must look at the political settlements that ground it, and to the effects that such settlements and on social forces and civil society. Taken together, their objections suggest the problematic character of both Putnam’s definition of civil society and the larger civil society argument itself.”¹¹⁶

¹¹² Comaroff, J L., Comaroff, J., eds. 1999. Introduction. In: *Civil Society and the Political Imagination in Africa*. Chicago, p-1-34

¹¹³ Osaghae, E E. 1997. The Role of Civil Society in Consolidating Democracy: An African Perspective. *Africa Insight* 27 (1): 15-23.

¹¹⁴ Srebrnik, H. 2000. Can an ethnically-based civil society succeed? The Case of Mauritius. *Journal of Contemporary African Studies* 16 (1):7-20

¹¹⁵ Carroll B W. and Carroll T., 1999. Civic Networks, Legitimacy and the Policy Process. *Governance: An International Journal of Policy and Administration* 12 (1):1-28.

¹¹⁶ Foley, Michael W & Bob Edwards, 1996. The Paradox of Civil Society, *Journal of Democracy*, 7.3 p-40

Putnam's warning is important: "dense but segregated networks" may or may not contribute to effective democratic governance; at times they become the basis for civil strife. Thus the networks that associations create should "cut across social cleavages" in order to nourish wider cooperation. Putnam's preoccupation here is a familiar one. In order to foster a genuine spirit of "wider cooperation," his argument suggests, such associations must not be "polarized" or "politicized." They must "bridge" social and political divisions and thus, presumably, be autonomous from political forces. These warnings echo a long tradition of "pluralist" analysis. Yet how can such associations shape political participation and "civic engagement" without engaging in specifically political issues and without representing compelling social interests?

Putnam's formulation is all the more puzzling in the light of his findings, which place the Emilia-Romagna region in the heart of Italy's zone of "civic engagement." Putnam fails to note that most of this region's sports clubs, choral societies, cooperatives, and cultural associations and been organized by and for two major political parties, the Communists and Christian Democrats. Indeed, one observer argues, "if a contemporary Tocqueville searched for autonomous groups on which to write on 'democracy in Italy,' he would produce a thin volume indeed... Parties usurp space that in other advanced industrialized countries is held by bureaucracies and by local grassroots organizations. It is hardly an exaggeration to say that they pervade all aspects of political, economic, and social life in Italy."¹¹⁷ If Putnam's "civil community" can coexist with a seemingly politicized civil society, what are we to make of the argument about the necessity for "inclusive" associations that cut across social and political cleavages?¹¹⁸

Putnam's evidence, if not his argument, suggests that political autonomy is less important than the fact of association itself. Indeed, Tocqueville himself identified specifically political associations as the key to the rich associational life that he celebrated in the United States of 1832. Putnam neglected the importance of political associations which, in fact, fosters democracy.

Christopher Marsh in a study on social capital and democracy in Russia elaborates upon the prospects for further democratization in the Russian Federation and investigates the impact of history as well as social capital, socio-economic development, and regime support on the democratization process.¹¹⁹

¹¹⁷ Quoted in Foley M & Bob Edwards, 1996. (Ted Perlmutter, "*Italy: Why No Voluntary Sector?*")

¹¹⁸ Foley M and Bob Edwards, 1996:41

¹¹⁹ Marsh, Christopher, 2002. *Making Russian Democracy Work: Social Capital, Economic Development, and Democratization*, NY pp-202

Following the analysis of the relationships between socio-economic development, regime support, and democracy, Marsh discusses social capital and the impact of civic community on democracy. Here he turns to Putnam's Civic Community index,¹²⁰ which is modified to suit the Russian case. The examination of the relationship between social capital and democracy shows convincing evidence of social capital throughout many of Russia's regions, a conclusion that differs from Putnam's hypotheses on the existence of social capital in Russia. The correlation (.581) confirmed the hypotheses that social capital is an important factor in the process of democratic development.

The conclusion drawn from the investigations and explorations is that Russian society has deep-rooted democratic aspirations and that there are no major threats against the consolidation of Russian democracy if the many problems of the transition are addressed. Thus the future looks bright for the final consolidation of the Russian democracy, which according to Marsh's findings has evolved for more than a thousand years. This finding is in contradiction to Putnam's claim.. So, social capital in itself is not an explanatory concept.

Marsh in another study examines the nature of the relationship between social capital and democracy in Russia.¹²¹ He presents both qualitative and quantitative evidence that social capital exists in many parts of Russia. After a quantitative analysis of social capital and democratization, which identifies a strong positive relationship, he suggests that if the center is able to sustain democracy, Russia should be able to consolidate democratic rule.

The implications of Putnam's finding that social capital plays a critical role in the effective functioning of a democratic polity may not bode well for Russian democracy or other democracy. First, several scholars maintain that Russia seems to lack stocks of social capital.¹²² Second, Putnam maintains that social capital is difficult to develop and, consequently, societies which historically have had low levels of social capital may face extreme difficulties in developing this requisite of effective democracy. If both of these statements were true, it would indeed seem that Russia's path to democracy would be plagued with difficulties in the best case, or destined to failure in the worst.

He points out that while it is fortunate that many of Russia's regions have stocks of social capital upon which to draw, how will Russia's less civic regions affect democratization in the country as a whole? Just as amoral familism and clientelism in the Mezzogiorno do not

¹²⁰ Putnam:1993.

¹²¹ Marsh, Christopher, 2000. Social Capital and Democracy in Russia, *Communist and Post-Communist Studies* 33:183-99.

¹²² Putnam, 1993; Colton, T., 1995. *Moscow: Governing the Socialist Metropolis*. Belknap Press, Cambridge; Stoner-Weiss, K., 1997. *Local Heroes: The Political Economy of Russian Regional Governance*. Princeton University Press, Princeton, NJ.

spell the end of democracy for all of Italy, similar problems in the North Caucasus and the Far East do not necessarily predestine Russia to the same fate. Moreover, given that Russia is a federal system, if the center and a majority of the regions are able to “make democracy work,” perhaps they will be able to influence positively the less fortunate regions. Finally, with the passing of time, perhaps sources of social capital will emerge in those regions as well. When assessing the prospects for democracy in Russia, therefore, perhaps the picture need not be so dismal.¹²³ One has to be critical of this finding. Even Marsh himself admits that regions with low social capital won’t make much difference; Russia will be able to sustain democracy if centre sustains it. Marsh claims that although we can still conclude that social capital contributes to regional democratization, it is certainly not the whole story. Other factors account for a sizable proportion of the variation. That should come as no surprise, given that myriad factors affect the process of democratic consolidation. Social capital alone can not explain everything.

Now I move to the Indian experience of relationship between social capital and democracy. The book “*Interrogating Social Capital: The Indian Experience*”¹²⁴ intends to shed critical light on the dominant conceptualization of the concept and it presents some empirical studies in India. Although Putnam’s work remains the overarching backdrop of the essays, the critical dimension of this book is evident, although implicitly, by a Bourdieuan spirit.¹²⁵ Greater attention to societal disagreement based on class, status and symbolic distinctions; intense realization that the creation and use of social capital can very well be a part of the hegemonic strategy of the powerful; and a deeply-felt anxiety that the concept of social capital, like many other concepts in social science, can be used to induct non-western societies into a ‘western’ universality, are some of the key assumptions underlying many of the empirical studies presented in this book.

The writings of Putnam and others take the connection between elements such as ‘generalized trust’, ‘associational network’, ‘norms’ and democracy for granted. The case studies presented in this book do not find this connection self-evident. For instance, the particularized trust, examined in the context of Italy on America, is usually viewed in a negative light. But in Indian society, marked by deep inequalities and entrenched hierarchies, the use of particularized trust among the poor and underprivileged is often democracy-enhancing. The connection between social capital and the output side of democratic governance-- in terms of accessing entitlements and basic services such as education,

¹²³ Marsh, 2000:198.

¹²⁴ Pai, Sudha, et al, eds. 2004. *Interrogating Social Capital: The Indian Experience*, Sage.

¹²⁵ Bourdieu, Pierre, 1977. *Outline of a Theory of Practice*, Cambridge; ‘*The Forms of Capital*’ in J. Richardson (ed) *Handbook of Theory and Research for the Sociology of Education*, NY. 1986.

sanitation and health-- is also deeply problematic in India's context. The presence of high social capital alone, as is demonstrated in some case studies, cannot make an unresponsive state deliver.

The studies in this volume have shown that civil society in India is not a space occupied by free and equal citizens, it has within it unequal relations based on hierarchy, power, and domination. Moreover, as it is a society undergoing rapid change, these relationships can shift over time. Consequently, the relationship between social capital and democracy can be negative as well as positive. While some associations in civil society may be able to build up social capital and thereby promote democratic functioning, others may in fact inhibit democratic life.

The essays in this book directly address Putnam's thesis about the relationship between social capital and democracy in Indian context. While they share common critical approach to this thesis, they analyze its working in different social situations and illustrate it in different ways. While they all take Putnam's work as their starting point, their approach to social capital differs. The first three essays examine the role of social capital in collective action in rural based community institutions such as *Panchayats* or village committees. Professor Sudha Pai's essay¹²⁶ examines in the context of the politics of identity, the role of social capital in resolving conflicts among social groups competing for the benefits of development within the new panchayats established under the 73rd Amendment act in UP. The essay shows that the new panchayats are an arena of conflict and contestation over the scarce resources, social status and political power. Conflicts have increased not only between the traditionally dominant middle castes and dalits, but the increasing differentiation of identities and awareness has sharpened competition and conflicts, over such benefits, between sections of the rural poor. Prof. Pai argues that social capital in the form of *communal solidarity* has united the dalits for joint social and political action against the upper and middle castes and provided them collective upward mobility. But in negative terms, increased social awareness, politicization and the improvement in their economic position, have divided the Chamars from other groups of their own community such as the Balmikis and Musahars, and sections of the rural poor such as the MBCs with whom they have common economic interests. This means that group identities have the potential to create strong reservoirs of social capital within segments, but they do not facilitate, and can in fact inhibit, the creation of a more broad-based, civically useful and constructive social

¹²⁶ Pai, Sudha, 2004. Social Capital, Panchayats and Grassroots Democracy: The Politics of Dalit Assertion in Two Districts of Uttar Pradesh, In. Pai et al eds. *Interrogating Social Capital*. Sage, p-35-70.

capital, which has the capacity to ensure responsive democratic government in local institutions.

In yet another study *Investigating Social Capital* some insightful critiques and interesting empirical examinations have been conducted.¹²⁷ The volume investigates the widespread claim that social capital, commonly measured in terms of associational participation, can explain differential achievements of countries' civil society, democratic governance, and economic development outcomes. Recognizing that social capital means many different things to different people, chapters in the volume seek to refine the definitions of social capital and identify the mechanisms by which national measures of democracy and development can be achieved through individuals' membership in voluntary associations.

While the authors all appear to recognize the usefulness of social capital for explaining particular, context-specific outcomes, they each assert, or illustrate empirically, that the concept's utility in explaining particular outcomes does not necessarily mean that it will effectively explain other outcomes.

Rudolph's chapter accomplishes the volume's stated objectives by demonstrating the conceptual value of testing the North-centric claims of social capital theory in the South. Rudolph claims that some associational forms, particularly those present in India, can actually undermine democratic aims while still constituting civil society. By excluding hereditary associational forms from social capital definitions, and not distinguishing between political/non-political, deliberative/interest-oriented, and hierarchical/egalitarian voluntary associations, most social capital theorists, including Putnam, fail to address the associational specificity necessary if the concepts of social capital and civil society are to be useful for understanding democratic governance in South Asia.

Conclusion

Different aspects of social capital and democracy have been analyzed in the chapter. There are competing views on the relationship between social capital and democracy. Many studies *a priori* cite social capital as a prime causal factor in facilitating democracy even though there is no agreement in the literature over social capital's correlation with democratization, much less its role as a causal factor. Given the diverse and detailed analysis of different aspects of social capital and democracy, it can be argued that relationship is not always positive or negative. Various studies and findings suggest that the relationship is not unidirectional, it is context-dependent.

¹²⁷ Prakash, Sanjeev, Per Selle, eds. 2004. *Investigating Social Capital: Comparative Perspectives on Civil Society, Participation and Governance*, Sage.

Chapter: IV

Social Capital and Development

Chapter 4

Social Capital and Development

Introduction

This chapter argues that contemporary interest in social capital by development theorists, funders, and practitioners, is misguided and needs to be thoroughly rethought. It argues that social capital, as understood by Robert Putnam and people influenced by his work, is a fundamentally flawed concept because it fails to understand issues of power, politics and class relations in the production of communities and because it is divorced from economic capital. Therefore, development practice based on this understanding of social capital is, and will continue to be, similarly flawed. It is clear that the understanding of social capital that has become incorporated into development theory and practice is the social capital of Robert Putnam (1993a, 1993b, 1995, 1996, 2000¹), in which the term is both combined with notions of civil society and assumed to be a principal engine for development. Putnam's arguments, however, are deeply flawed and have little empirical or theoretical support, so development work informed by his framework will be similarly flawed and misguided. Before making these arguments, however, this chapter will briefly discuss the concept of social capital and how it has evolved through its use by Loury², Bourdieu³, Coleman⁴ and then, ultimately, Putnam and his followers.

The chapter will discuss the meanings and uses of social capital and critically analyse its relationship with development and will argue that its recently acquired privileged position in economic development is misguided. To be specific, however, this chapter is not an argument that social capital does not matter or that it is not an important component in the production and reproduction of individual success and class status. Instead, the argument is that we need to be very careful about how we define and use the term social capital. The chapter further argues that instead of Putnam's understanding of social capital, development practices would be better served by returning to the way the concept was used by Glenn Loury and Pierre Bourdieu and concludes with a discussion of how these alternative theories of social capital can be realized in community development practice.

How is the concept of social capital contested in the world of development policy debates? The most notable appropriation of the concept by international policymakers so far

¹ Putnam:1993a, 1993b, 1995, 1996, 2000

² Loury, Glenn.:1977.

³ Bourdieu, Pierre.:1985.

⁴ Coleman, James.:1988.

is at the World Bank, as Harris' introductory essay points out. However, few researchers have yet focused specifically on the concept's implications for actually-existing development projects and policies. The World Bank has upgraded social capital as the 'missing link' in understanding (under)development. However, it did not take long before the critique cast shadows on this euphoria. Initially the critique was concerned with problems of defining and measuring social capital and its inadequate theoretical elaboration. In a later stage the critique accused social capital of forming part of the anti-politics machine of the post-Washington consensus. Social capital would reflect a point of view in which there was no room for an analysis of power inequality and struggle over access to resources. This chapter also deals about how World Bank uses the concept of social capital in its development program. Some of the issues are examined surrounding social capital's use by World Bank.

Though I do think that the term 'Social Capital' has meaning (it refers to resources which are inherent within certain social relationships) it has come to be used in such a way in the development discourse as to be emptied of analytical content in the service, wittingly or not, of conservative, ideological ends. At the very least, it has become a term which is thoroughly confused and confusing. The ways in which the idea of Social Capital has come to be used often suggest, directly or indirectly, that 'stocks of social capital' or, what is often held to be more or less the same thing, a 'strong/vibrant civil society', are a condition for effective, functioning democracy and for economic development (or simply for 'health, wealth, wisdom and happiness'). In my view this is profoundly misleading because it obscures the importance both of state action/agency and of politics, in themselves, and in relation to 'civil society'. At worst it justifies a view that expects those people who are most marginalized/excluded to 'pull themselves up by their own bootstraps' in a way that is extremely convenient for those who stand to benefit most from public expenditure cuts.⁵ Given that my understanding of what constitutes social capital is that it is entirely context dependent, and that all societies have 'it', the issue is not one of 'constructing social capital', but rather one of establishing contexts in which more people are able to realize the potentials of their 'social capital'. In this chapter I want to consider the conditions which are conducive to the establishment of interplay between state and non-state action in public arena, which has positive outcomes for development.

'Civil society', too, is a term which has come to be used in very particular ways in the development discourse. It is usually taken to mean the sphere of voluntary social association which is outside both the state and the level of the family and kinship groups (though some do include the latter in civil society). It is commonly distinguished, from political society,

⁵ Harriss, John. 2001:114-19.

and thought to be on the whole preferable to politics. A 'robust civil society' is taken to be an important element of 'good governance', and it seems generally to be assumed that both will be supportive of or complementary to liberal economic policies. Sometimes it is treated as meaning more or less the same thing as social capital in development organizations. But whereas it has come to be recognized even by its protagonists that social capital has a 'dark side' - in other words that the resources that people have by virtue of their social relationships are not necessarily used in the interests of society as a whole - that possibility hardly seems to have been entertained in regard to civil society. That civil society exists in a field of power- or that there are differences of power within civil society- hardly seems to cross the minds of those who wish to see the space of civil society expanded, and that of the state (and of the market, maybe) reduced.

Harriss rightly points out that social capital and civil society have proven so attractive in the discourse of development because they seem to hold out the prospects of democracy without the inconveniences of contestational politics and of the conflicts of ideas and interests which are an essential part of democracy.⁶ The approach which I shall take is one which seeks to bring both the state and political agency back in. I proceed by first expanding upon the critique of the idea of social capital, because this brings out the significance of political contexts.

What is social capital?

While time and space constraints do not permit a thorough description of the enormous literature on social capital that has emerged in the past twelve or so years⁷, it is important to briefly describe the different meanings given to the term. It is unclear who first used the term, but an important early use came from Loury (1977) in a book chapter that has criticized the narrowly individualistic and atomistic understanding of human capital in neoclassic economic theory. He wrote:

"The social context within which individual maturation occurs strongly conditions what otherwise equally competent individuals can achieve. This implies that absolute equality of opportunity, where an individual's chance to succeed depends only on his or her innate capabilities, is an ideal that cannot be achieved.... An individual's social origin has an obvious and important effect on the amount of resources that is ultimately invested in his or her development. It may thus be useful to employ a concept of "social

⁶ Harriss:2001:120.

⁷ See Chupp, Mark. 1999; Fine, Ben. 2001; Foley and Edwards. 1997,1998 ; Portes,1998; Wills. 2000.

capital” to represent the consequences of social position in facilitating acquisition of the standard human capital characteristics”.⁸

Loury was unquestionably right in this assessment, and certainly someone growing up in Lutyens New Delhi or Marine Drive Mumbai is not starting from the same position as someone growing up in any town of U.P. or Bihar. This is stating the obvious. But Loury needed to make the argument because this apparently self-evident statement of reality was clearly not self-evident to human capital theorists who, following Becker⁹, had come to dominate labor theories in American economics. Human capital formation, instead of being understood as the inherently social process that it is—for example, no one goes to school in isolation from the context in which that school is located, administered or funded—had come to be almost completely about individual achievement or lack of it.

A concurrently developed theory of social capital came from French sociologist Pierre Bourdieu¹⁰, who is relatively underused in the current literature on social capital and development. This is unfortunate because his is probably the most theoretically useful and sophisticated attempt to deal with the issue. Bourdieu’s¹¹ use of the term social capital is an explicit attempt to understand the production of classes and class divisions. Social capital, while being constituted by social networks and relationships, is never disconnected from capital. Capital, for Bourdieu, is simultaneously both economic and a set of power relations that constitute a variety of realms and social interactions normally thought of as noneconomic. Two key components of his work have been lost in current discussions of social capital. First, the production, and reproduction, of capital is a process that is inherently about power. In fact, Bourdieu’s conception of capital is such that he almost conceives of capital and power as synonymous. Second, since his interest is in the social production of classes, he distinguishes between the social networks that an individual is embedded in, and out of which social capital precipitates (or emerges), and the outcome of those social relationships. That is, social networks should not simply be equated to the products of those relationships, for doing so would render invisible social networks that might be very dense but nonetheless unable to generate resources because of lack of access.

Despite these earlier efforts, the person who brought social capital into the mainstream in the American social sciences was clearly James Coleman, who argued:

“Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of

⁸ Loury, G. 1977:176

⁹ Becker, Gary. 1964. *Human Capital*, New York, National Bureau of Economic Research.

¹⁰ Bourdieu: 1985

¹¹ An enlightening discussion of Bourdieu’s argument about social capital is to be found in Ben Fine’s outstanding critical study on *Social Capital and Social Theory* (Routledge, 2000).

social structures, and they facilitate certain actions of actors...within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. Like physical and human capital, social capital is not completely fungible but may be specific to certain activities. A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others. Unlike other forms of capital, social capital inheres in the structure of relations between actors and among actors."¹²

With this rather "fuzzy" definition¹³, Coleman¹⁴ then defines different sets of actions, outcomes, and relationships as social capital. Social capital for him is inherently functional, and social capital is whatever allows people or institutions to act. Social capital is therefore not a mechanism, a thing, or an outcome, but simultaneously any or all of them. Portes sees this as a vital step in the evolution and proliferation of the idea of social capital and states: "Coleman himself started that proliferation by including under the term some of the mechanisms that generated social capital; the consequences of its possession; and the 'appropriable' social organization that provided the context for both sources and effects to materialize".¹⁵ Finally, social capital, for Coleman, is normatively and morally neutral. That is, it is neither desirable nor undesirable; it simply allows actions to take place by providing the needed resources.

Fukuyama argues that the economic function of social capital is to reduce the transaction cost associated with formal coordination mechanisms like contracts, hierarchies, bureaucratic rules, and the like. It is of course possible to achieve coordinated action among a group of people possessing no social capital, but this would presumably entail additional transaction costs of monitoring, negotiating, litigating, and enforcing formal agreements.¹⁶ Boix argues,¹⁷ given that the fundamental economic consequence of social capital consists in reducing the level of transaction costs, we would expect the positive effects of social capital on economic performance to only become apparent in situations where transaction costs are high. Accordingly, only when industrialization and extensive trade activities emerged in Italy in the second half of the nineteenth century did social capital affect the potential for economic growth. Before that time, the substantial cross-regional differences in social capital had hardly any impact on what were predominantly unsophisticated economies. In short, the presence of social capital should not be expected to affect the economy always. It should

¹² Coleman:1988:S98

¹³ Markusen, Ann. 1999; Portes, 1998.

¹⁴ Coleman:1988

¹⁵ Portes, Alejandro, 1998:5

¹⁶ Fukuyama, Francis. 1999. *Social Capital and Civil Society*, paper presented at the IMF Conference on 1-Oct-1999, www.imf.org/external/pubs/ft/seminar/1999/reforms/fukuyama.htm

¹⁷ Boix, Carles; Daniel, Posner:1996.

only have an impact when notable gains can be made from minimizing transaction costs; that is, whenever there are technological or structural conditions that allow individual agents to engage in significantly more complex transactions.

The Meaning of Development

Nobel Prize-winning economist, Amartya Sen, offered an important insight when he pictured *development* as a process of increasing freedoms. “Freedoms are not only the primary ends of development, they are also among its principal means”.¹⁸ Freedom from hunger. Freedom from disease. Freedom from illiteracy. Freedom from oppression of every type. These all are basic human needs, and they constitute the heart of our conception of development.

When development is conceived as an increase in freedoms, the traditional conception of *economic development* as a simple increase in GDP *per capita* which is common in the literature can, then, be better understood as a useful indicator of the existence of a resource that may or may not be actually employed so as to increase people’s freedoms.

When development is defined as increased freedoms, as it is here, the concept clearly is rooted in liberal political thought. Liberalism, however, comes in many varieties. Some liberals are primarily concerned about property rights and freedom from state control. Others are equally or more concerned about equality of opportunity, and see improvements in such areas as nutrition, health services and education as basic functions of the state. Finally, there is a social democratic variant of liberalism that sees gross inequalities as limiting the freedoms available to a large section of the public. Such inequalities are seen, from this perspective, as both unjust in principle, and negative in their practical effects.

Development that is to be centered on people and sustainable over time can not be pursued in isolation. The experience of the past two decades indicates that the success of development resides, in part, in observing balance and complementarity between the respective roles in development played by the government and public sector, on the one hand, and the private sector and civil society, on the other hand.

Putnam and the proliferation of social capital theory

Although Coleman’s 1988 work brought social capital into use in the social sciences, the principal source of the idea for development practitioners and researchers is Robert Putnam. With his work, social capital is thoroughly redefined and becomes extremely influential in

¹⁸ Sen, Amartya. 1999, *Development as Freedom*, OUP. p.10

development studies, both in the United States¹⁹ and internationally. In fact, to many people in the World Bank, social capital has become “the missing link” in global economic development²⁰. Describing the impact of Putnam’s social capital on community development, Chupp bluntly states, “In the debate over poor neighborhoods and the ills of society as a whole, social capital has become something of a wonder drug”.²¹ Further Putnam’s redefinition of social capital is almost as dramatic as the widespread impact of his argument, and it therefore requires considerable discussion here. This chapter argues that with Putnam’s redefinition, social capital ceases to be a useful framework for economic development.

There are several key transitions that occur when Putnam first uses the term social capital in *Making Democracy Work*, his book on Italian politics. And while he has expanded and developed his views since then, he has not fundamentally altered them. First, social capital is transformed from something realized by individuals to something possessed (or not possessed) by either individuals or groups of people in regions, communities, cities, countries or continents. Second, it is conflated with civil society, or more accurately, with a particular neo-Tocquevillian view of civil society. Thus, voluntary, non-government associations, based on trust, become the institutions through which the social capital is generated. Third, it becomes primarily a normatively good thing and is given credit for (a) promoting good, democratic government and (b) generating and sustaining economic growth and development. Finally, when Putnam brings this framework to the American context, he does so by making the argument that social capital and civil society are declining in the United States and have been since the mid- 1960s²² and that this trend portends long-term economic and political trouble. These issues will be addressed in turn, before turning to the problems with them and their applications in community development efforts.

Loury, Bourdieu, and Coleman all argued that social capital is not embodied in any particular person, but rather is embedded in people’s social relationships. At the same time, however, they also stated that social capital was realized by individuals. Putnam, conversely, has argued that social capital is a resource that individuals or groups of people possess or fail to possess²³. At the outset of his first article on the issue, he states, “Working together is

¹⁹ Gittel, Ross, and Vidal 1998; Lang, Robert, and Hornburg 1998; Moore Lappe and Du Bois 1997; Schulgasser, Daniel 1999; Servon, Lisa 1999; Temkin, Kenneth, and William Rohe 1998; Wilson, 1997.

²⁰ Harriss, John, and Paolo de Renzio 1997 “Missing Link” or Analytically Missing? The Concept of Social Capital. *Journal of International Development* 9 (7):919-37.

²¹ Chupp:1999:2

²² Putnam:1993b, 1995, 1996, 2000.

²³ Portes:1998; Portes A and Patricia Landolt 1996.

easier in a community blessed with a substantial stock of social capital".²⁴ Communities, not people possess "stocks" of social capital. He has since made this transition from the individual to the larger group more explicit and states, "Social capital can thus be simultaneously a 'private good' and a 'public good'"²⁵. What is important to note is that despite his emphasis on social networks and his moving social capital from the scale of the individual to the scale of the group, Putnam measures social capital with a form of methodological individualism.²⁶ In his research on social capital in the United States, Putnam²⁷ uses social survey data to observe the level of social involvement of individuals and then simply aggregates up from there to whatever scale is being observed. While this might seem a trivial observation, it is, as will be demonstrated later, key to his, and his followers', understanding of "community."

Coleman's definition, by its lack of clarity, left the door open for a variety of sources of social capital, and Putnam uses that vagueness to seize on trust-based voluntary associations (one of the several examples Coleman offers), and his understanding of them as the constituents of civil society, as the key source of social capital for communities, regions, and so on. Putnam argues that "social capital refers to the norms and networks of civil society that lubricate cooperative action among both citizens and their institutions".²⁸ Social capital and civil society therefore become conflated, and the two are almost synonymous. This transition has dramatic implications for the political and theoretical understandings of social capital.

This view of social capital and civil society, unlike Coleman's, Loury's, and Bourdieu's, is one in which they are largely assumed to be a normatively a good thing. While Putnam certainly recognizes that there are potentially "negative" forms of social capital, the overwhelming balance of his work is about its benefits. And he argues that they are, in fact, necessary for the functioning of both a responsive democratic government and the economic growth and well-being of places. He states:

"An impressive and growing body of research suggests that civic connections help make us healthy, wealthy and wise. Living without social capital is not easy, whether one is a villager in southern Italy or a poor person in the American inner city or a well-heeled entrepreneur in a high-tech industrial district".²⁹

²⁴ Putnam:1993b:36

²⁵ Putnam:2000:20

²⁶ Theda Skocpol's critical commentary on Putnam's American adventures is in an article entitled 'Unravelling From Above' which was in the *American Prospect*. March-April, 1996. p-20-25.

²⁷ Putnam:1995,1996,2000

²⁸ Coleman:1988:v

²⁹ Putnam:2000:287

This understanding of civil society and social capital has its roots in Putnam's reading of Alexis de Tocqueville's³⁰ view of civil society and democracy, and it is therefore necessary to take a moment to discuss this perspective. De Tocqueville visited the United States in the 1830s and believed that one of the defining components of *Democracy in America* (1835) was the propensity of Americans to create and join voluntary associations that were in the domains of neither the state nor the market. Putnam acknowledges his debt to de Tocqueville and states, "Recently, American social scientists of a neo-Tocquevillean bent have unearthed a wide range of empirical evidence that the quality of public life and the performance of social institutions are indeed powerfully influenced by norms and networks of civic engagement".³¹ His reading of de Tocqueville strongly suggests that networks of trust and voluntary associations are "win-win" sets of relationships in which everyone involved benefits. This is evident in his basic definition of the idea. He states, "Social capital refers to connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them. In that sense social capital is closely related to what some have called 'civic virtue'".³² Voluntary associations, therefore, are not confrontational encounters based on vested interests, but rather "features of social life—networks, norms, and trust—that enable participants to come together to pursue shared objectives".³³ Bowling leagues, PTAs, Elks Clubs, church groups, and trade unions³⁴ are therefore theoretically, politically and morally comparable. Even though he examines them individually in his recent book (Putnam 2000), they all perform very similar functions.

But, the benefits of social capital and civil society extend beyond simply promoting and supporting democratic institutions of government to generating and sustaining economic growth. Putnam argues, "Studies of the rapidly growing economies of East Asia almost always emphasize the importance of dense social networks, so that these economies are sometimes said to represent a new branch of 'network capitalism'".³⁵ At his boldest (referring to the Italian case), he states, "These communities did not become civic simply because they were rich. This historical record suggests precisely the opposite: They have become rich because they were civic... Development economists take note: civics matters".³⁶ And most recently he states, "Where trust and social networks flourish, individuals, firms,

³⁰ De Tocqueville, Alexis. 1835 *Democracy in America*. Reprint 1998. Ed. Patrick Ranshaw, Henry Reeve,

³¹ Putnam:1995:66

³² Putnam:2000:19

³³ Putnam:1996:34

³⁴ Putnam:1995

³⁵ Putnam:1993a:38

³⁶ Putnam:1993a:37

neighborhoods and even nations prosper".³⁷ It is this understanding of social capital—that it is central to the economic development of communities and regions and nations—which has inspired its rapid incorporation into the economic development literature in the United States and the underdeveloped world.

Putnam became famous, however, not simply as a neo-Tocquevillean, but as someone who documented the decline in civil society and social capital in the United States. His thesis has been much discussed, so it need not be dealt with in any detail here. Briefly, he has argued³⁸ that the United States has witnessed a withdrawal from civil society and a decline in social capital. He argues that the decline of social capital is a generational process in which people who were born in the 1910s and 1920s were (and are) more civically engaged than their counterparts who were born from the 1930s on. He accordingly dates this withdrawal as having begun in the early to mid-1960s.

Putnam's followers in Development Discourse³⁹

Putnam and his arguments have rapidly become central to the research and practice of development in the United States. One of the striking things about this explosion of research and practice around his view of social capital and civil society is how it has largely ignored an enormous volume of research and literature by academics⁴⁰, people in the popular press,⁴¹ and activists⁴² who have criticized almost every component of these arguments. Instead, much work in community development is broadly accepting of Putnam's arguments about the importance of social capital, understood as voluntary associations and civic trust, in the promotion of economic growth and prosperity. In fact, to some researchers, Putnam's views have become almost axiomatic, and in the first sentence in her article on social capital Wilson unambiguously states: "Social capital creates local economic prosperity".⁴³ Grootaert argues that there is growing evidence that social capital can have an impact on development outcomes — growth, equity, and poverty alleviation. Associations and institutions provide

³⁷ Putnam:2000:319

³⁸ Putnam:1995,1996, 2000.

³⁹ The Phrase "Putnam's followers" is borrowed from Gittel and Vidal:1998.

⁴⁰ Edwards and Foley 1997. & 1998; Fine, Ben 1998, 1999, 2001; Foley and Edwards 1997, 1998; Galston, William 1996; Portes 1998; Portes and Landolt 1996; Schudson, Daniel 1996; Skocpol:1996.

⁴¹ Lemann, Nicholas. 1996 Kicking in Groups, *Atlantic Monthly*, April, p-22-26; Pollitt, Katha. 1996, For Whom the Ball Rolls. *Nation*. Apr-15, p-9.

⁴² Bowles, Samuel 1999; Durlauf, Steven, 1999:1-5.

⁴³ Wilson:1997:745

an informal framework to organize information sharing, coordination of activities, and collective decision making.⁴⁴ Lang and Hornburg reiterate Putnam's arguments and state:

"Political scientist Robert Putnam expanded and ultimately popularized the concept of social capital. Putnam originally applied the idea to a study of Italian regional governments. He showed that the key element underlying the difference between Tuscany's successful regional government and Sicily's failed one was the degree of "civic engagement". ...Putnam also argued that social capital is connected to economic development. Tuscany's high level of social capital elevates its standard of living. It provides the region a social environment in which productive cooperation in all spheres of civic life is possible. Thus, social capital promotes economic growth".⁴⁵

Putnam's work has provided the very framework and context for discussions in conferences. Foundations have similarly incorporated Putnam's arguments into their work, and both the Local Initiatives Support Corporation (LISC) and the Mott Foundation have made the construction of social capital a central component of their antipoverty and community development frameworks.⁴⁶ In the case of LISC, this has yielded a perspective on community development organizing that stresses "non-confrontational" methods, and on incorporation of Michael Eichler's framework of "consensus organizing".⁴⁷ Given that social capital is being understood as both a set of win-win relationships based on mutual interest and a promoter of economic and prosperity development, this is a logical way for community organizers and community development practitioners to operate. Thus, Putnam's view of social capital and voluntary civic associations is being considered in American cities. The problem with all of these is that social capital as Putnam has defined and operationalized it, does not necessarily promote community economic development (or, for that matter, democratic government, which is discussed in the previous chapter).

The Problems with Putnam and his Followers

Returning to the way Putnam transformed the idea of social capital; I will now present the theoretical and empirical flaws in his analysis and argue that if we are to use the notion of social capital in development practice we would be much better served by returning to how it was understood by Loury or Bourdieu.⁴⁸ I will go through Putnam's transformations of social capital in the same order that they were presented.

⁴⁴ Grootaert, C. 1997. "Social Capital: "The Missing Link"" in *Expanding the Measure of Wealth: Indicators of Environmentally Sustainable Development*. Washington DC.; World Bank.

⁴⁵ Lang and Hornburg:1998:3.

⁴⁶ See Gittel and Vidal:1998 and Wallis, Crocker, and Schechter:1998 respectively, for thorough discussions of these two funding initiatives.

⁴⁷ Gittel and Vidal:1998:2.

⁴⁸ Loury:1977; and Bourdieu:1985.

Individuals, communities and power

First, Putnam defines social capital as something that is possessed or not possessed, by individuals, communities, cities, nations, etc. He and his followers then measure its existence by simply taking individual attributes and aggregating up to the scale being measured. There are two problems with this argument and its associated methodology. First, places are not things. A community cannot *possess* anything. An institution or an individual can possess something, but a community cannot. Instead, communities are products of complicated sets of social, political, cultural and economic relationships.⁴⁹ Communities are outcomes, not actors. They are, however, outcomes that affect and constrain future possibilities. Communities unquestionably matter, but they are not actors that exhibit any form of agency. This might seem like a semantic argument, but this first problem leads to the second one. That is, no place (a community, a region or whatever) is solely a function of the internal attributes of the people living and working there. If communities are outcomes, they are not simply outcomes of the characteristics of those within them; they are also outcomes of a complex set of power-laden relationships—both internally, within the communities, and externally, between actors in the communities and the rest of the world. Only by ignoring the vitally important, power-laden connections can we assume that communities are the products of the attributes of the individuals who live and work in them. Similarly, only by ignoring the connections (individual's connection based on power and money etc.) can we assume that we can move from the level of the individuals to the level of community (or city, or region) or that individual gains and profits are the same as group, or community, gains and profits.

Putnam does try to get at this reality with his concept of “bridging capital”,⁵⁰ which has been generally accepted within the community development work that has followed him. But once we accept the complexity of the internal and the external relationships that produce a community, we clearly need something more than bridging capital as the means to economic development. For instance, individuals in exurban gated communities of Orange County, CA, and indeed in much of the rest of the country are largely devoid of bridging capital⁵¹ (at the community level). As Putnam himself states in his brief discussion of gated communities, “Not only are canvassing politicians and Girl Scouts selling cookies excluded from exclusive communities, but the affluent residents themselves also appear to have a surprisingly low

⁴⁹ Massey, Doreen. 1994. *Space, Place, and Gender*. Minneapolis: University of Minnesota Press.

⁵⁰ Putnam:1995, 1996, 2000.

⁵¹ Massey:1994.

rate of civic engagement and neighborliness even within their boundaries”.⁵² The importance of this example is that not only are these communities disconnected, but they are also usually exceedingly wealthy. The relationships that produce gated communities are based on the protection of their affluence through their class and race-based social and geographical isolation from much, if not most, of the metropolitan areas around them. It is not connections that partially produce and reproduce their wealth, but exactly the opposite: isolation. Connections, or “bridges” do not, of themselves, make the people in any place rich or poor. The important question is, Who controls the terms of any relationships or connections (or lack of connections)? “Bridging capital” is really needed only if a community’s residents are poor and therefore on the losing end of a set of power relations. What needs to change are those power relations, not the level of connections.

There have been writings which suggest that people who are affluent in the United States are struggling with social disconnectedness and isolation. If this is the case, I wonder, why are people who are concerned with economic development in low-income areas emphasizing the importance of social connections and networks as a way of moving low-income people and communities out of poverty? There seems, in short, to be disjuncture between, on the one hand, the experience of the affluent and, on the other, the prescriptions for the poor in American life. This disjuncture, in and of itself, should lead people to question the utility of the social capital framework in economic development.

The Decline of Social Capital?

Moving on to the argument, that social capital is declining in the United States, the question asked here is , What segments of the population is this most true for? After analyzing the evidence, Putnam unambiguously states, “The central fact is that by virtually all measures of civic disengagement and all measures of socioeconomic status, the trends are very similar at all levels”.⁵³ But if this is true, the question becomes, Why are the American elites, who have gone through 35 years of civic disengagement, doing so incredibly well financially? Where is the economic impact of their disengagement? Affluent and professional Americans have enjoyed a virtually unprecedented period of prolonged prosperity, and the current gap in wealth between rich and poor is greater than it has been since before the Great Depression. Putnam’s theory just does not make sense in, let alone explain, this reality.

Aside from the incredible growth in the wealth of rich people and the stagnation in the wealth of poor people—even though both groups have had their social capital decline by

⁵² Putnam:2000:210.

⁵³ Putnam:2000:194

comparable amounts—Putnam’s arguments still run afoul of basic empirical realities in the United States. That is, social capital is supposed to have declined for 35 years. Where is the economic impact? It has been 35 years. Given how rapidly investment decisions are made and economic transformations take place (35 years ago almost nobody had heard of deindustrialization or Silicon Valley), that is certainly more than enough time for us to have seen an impact of this declining stock of social capital. Can any evidence of a relative economic decline of the United States be found? Can people convincingly argue that the past 20 years have been poor ones for the American economy overall? Ultimately, if Putnam is right about the decline in social capital, then he is wrong about the role of social capital in economic development.

But moving from American society in general to community development in particular, Putnam’s second assertion is as follows:

“Although most poor Americans do not reside in the inner city, there is something qualitatively different about the social and economic isolation experienced by the chronically poor blacks and Latinos who do. Joblessness, inadequate education, and poor health clearly truncate the opportunities of ghetto residents. Yet so do profound deficiencies in social capital”.⁵⁴

But do inner cities lack social capital in the sense that Putnam means? The answer to this question is somewhat mixed and is not easily answered as is often assumed. There seems to be a perception in American policy circles and white popular culture that inner-city, nonwhite neighborhoods are bereft of values, norms, morals, trust, and relationships. This perception is usually justified with a passing reference to the work of Wilson,⁵⁵ but it is a very particular segment of his work that is being referred and a very narrow reading of him and his much more substantial project. This has been as true in the debate about social capital as in many other debates about the public policy, despite the fact that there is only limited justification for this view. As Portney and Berry put it:

“The debate about social capital and civic engagement largely concentrates on White, middle-class America. Virtually none of the debate and, as far as we can find, no empirical analysis considers whether poor people, people of minority racial or ethnic status, and people in inner cities have also experienced the trends in civic engagement”.⁵⁶

When it comes to trust-based relations, ethnographic research⁵⁷ strongly suggests that these are present in inner cities. Portes states, “Sociologists know that everyday survival in

⁵⁴ Putnam:1993b:39

⁵⁵ Wilson:1997

⁵⁶ Portney, Kent, and Jeffrey Berry. 1997:633.

⁵⁷ Sullivan, Lisa. 1997; Wood, Richard. 1997.

the poor urban communities frequently depends on close interactions with kin and friends in similar situations. The problem is that such ties seldom reach beyond the inner city".⁵⁸The problem in inner cities, therefore, is not that there is a lack of trust-based social networks and mutual support, but rather that these networks and support are unable to generate capital. At the same time, however, aggregate data suggest that residents in inner cities areas do tend to lack trust in either society at large or in people they do not know (Putnam does a good job of compiling these data [2000]). But these aggregate data do not contradict the ethnographic data indicating that trust in already existing social networks is present in inner cities.

Regarding the existence of community-level organizations, inner-city areas contain large numbers of these as well. Specifically with regard to community development corporations (CDCs) in American inner cities has actually exploded in the past 30 years, beginning, ironically, shortly after the time when Putnam marks the start of the decline of the civic engagement. While the number of CDCs in the late 1960s and early 1970s (most created by the Office of Economic Opportunity) was measured in the dozens, by 1999 there were over 3600 of them nationwide.⁵⁹ Although it can be argued that many of these CDCs were not the product of grassroots action at the community level and were instead created from without, this does not diminish their existence as non-government, not-for-profit organizations located within low-income communities. The more important problem is that the ability of most of these community-based organizations to generate long-term economic growth for their communities has been rather limited.⁶⁰ And while the reasons are complex and require a much more thorough discussion than is possible here, it is also clear from this experience that simply creating community-based organizations in inner-city neighborhoods does not, by itself, generate economic prosperity or even economic security for the residents.

In perhaps the most comprehensive quantitative effort to measure the impact of Putnam's social capital on the long-term stability of urban neighborhoods, Temkin and Rohe found that "the extent to which neighborhood residents volunteer in neighborhood organizations or other groups did not have a significant effect on neighborhood stability".⁶¹ This is a striking conclusion, but it does not prevent them from observing that "neighborhoods with higher level of social capital...are more likely to remain stable over time".⁶² But if one reads closely, it becomes clear that the dependent variables and independent variables are measuring the same thing, so it is no wonder that Temkin and Rohe have found a statistical correlation. They state, "Both loyalty and attachment to neighborhood are higher in

⁵⁸ Portes:1998:13-14.

⁵⁹ Wills:2000.

⁶⁰ Stoecker, Randy. 1997.

⁶¹ Temkin and Rohe:1998:85

⁶² Temkin and Rohe:1998:84

neighborhoods that remain stable over time. Similarly, neighborhoods where a higher proportion of residents believe they live in a good place tend to remain stable”.⁶³ This is a fair conclusion, but it seems to say very little. Surely social capital is meant to be a means to the end of economic security and development, not an end in and of itself.

Inner cities, therefore, do lack social capital, but not the social capital that Putnam is talking about—which does exist, albeit rather unevenly—but social capital as Bourdieu and Loury used the term. Part of the problem is that because of Coleman’s definition, we have confused the level of social networks with their ability to generate capital. We therefore render invisible social networks unable to generate capital. But the question remains, How can we rectify the currently inequitable distribution of social capital (in Bourdieu’s[1985] and Loury’s[1997] sense) in American society?

Social Capital and Development

Putnam argues that social capital and civil society (comprised of voluntary associations) promote economic growth.⁶⁴ But there is little theoretical or empirical support for this assertion. His own examples, aside from Italy, which is beyond the scope of this chapter,⁶⁵ betray the problems in his own argument. Putnam uses the examples of immigrant enclaves in American cities, the “network capitalism” of East and Southeast Asia, and the “erosion of social capital”⁶⁶ in our inner cities as examples that social capital generates economic growth (or, inversely, that the lack of social capital arrests economic growth). The first two of these will be addressed now, and the third shortly.

First, Putnam is certainly right that social ties based on trust and networks among immigrants have helped them prosper in the United States. That has been a feature of the immigrant experience for quite some time. But again, because he views communities as coherent wholes, internally defined and detached from other sets of communities, he fails to see the impacts of these networks in any larger context. Coleman’s (1988) often cited example, which Putnam and his followers draw on, is that of the diamond industry in New York and how market transactions involving large quantities of jewels are facilitated by the social networks of trust within the Jewish community that controls the industry. Aside from the complete denial of the exploitation that takes place within ethnic enclave economics,⁶⁷ the problem with this, and every other enclave like it, is that it completely closes off the

⁶³ Temkin and Rohe:1998:84

⁶⁴ Putnam:1993a, 1993b,1995, 1996, 1998, 2000.

⁶⁵ His interpretation of Italian politics and economics has been called into question by other specialists on Italy; see Goldberg[1996], Harriss and de Renzio[1997], Sabetti[1996], and Tarrow[1996] for summaries of these criticisms.

⁶⁶ Putnam:1993b:39.

⁶⁷ Waldinger, Roger. 1986.

market, and access to the market, to anyone who is not part of the ethnic group creating the enclave. A brilliant, hard-working, innovative Irish Catholic immigrant (for instance) who wanted to enter the diamond trade in New York city would have an exceptionally difficult time doing so. Or to move from the hypothetical to the real, as a result of large flows of capital into the real estate market in New York, Harlem has been experiencing substantial development in recent years. This should be a good thing and beneficial to black contractors and workers in the community. The reality, however, is that the construction industry in New York is controlled by an immigrant enclave (in this case Italians), and so the contracting firms and their employees in Harlem have been largely excluded from the dollars and jobs that this investment has brought.⁶⁸

The response to this example could be that Harlem contractors simply need to be better connected or have more substantial stocks of “bridging capital,” but that would miss the point, which is this: If social capital as sets of networks means anything, it means that some people will be connected and others will not. Simply put, if there is one job, and every one is connected to the same networks and realizes the same benefits of social capital, then you cease to have the kinds of networks that Putnam and Coleman are talking about. Instead you have the pure market of Adam Smith’s theorizations. If everyone is connected, then everyone by definition would lose the benefits of those connections because they would no longer gain capital from them (in this case, the job). Putnam observes, “It is no accident that one of the pervasive strategems of ambitious yuppies is ‘networking’”.⁶⁹ But what he fails to realize is that yuppies network precisely to get ahead of everyone else. If they shared the fruits of their networking with others, they would cease to be ambitious and become charitable instead. They would, in fact, not only be acting charitably, but acting against their own self-interest. This is one of the primary reasons why it is simply untenable to move from the level of the individual to the level of community in issues of economics. For social capital to make sense as a concept in a market economy, then networks, formal and informal, must operate in the competitive realm of market relations. And while the individuals in such a network might share common interests that allow them to act as a network, these networks, because of the competitive nature of capitalism, cannot be extended to everyone in the society. Max Weber, the influential sociologist and political economist, wrote at length in 1925 on the role of social networks in economics in *The Theory of Social and Economic Organization* and is instructive on this point. He stated:

“[A relationship] is especially likely to be closed, for rational reasons, in the following type of situation: a social relationship may provide the parties to it with opportunities

⁶⁸ Siegal, Nina. 2000. Fighting for Jobs on Their Own Turf. *New York Times*, April 23, pp. 4

⁶⁹ Putnam:1993b:38

for satisfaction be spiritual or material... If the participants expect the admission of others will lead to an improvement of their situation...their interest will be in keeping the relationship open. If, on the other hand, their expectations are of improving their position by monopolistic tactics, their interest is in a closed relationship".⁷⁰

If the social capital in question is a network that helps people find employment (or get into the right prep school, or whatever), it would clearly be in the interest of those realizing and appropriating the social capital (the job or place in the school) to keep the network as closed as possible. This is precisely what the ethnic enclave economies have demonstrated. To have any value as a term, social capital must retain a connection to economic capital, and it must therefore be premised on the ability of certain people to realize it at the expense of others. While economics is not a zero-sum game, it is also not simply a set of win-win relationship.

But the economic shortcomings of social capital extend beyond its necessary exclusions and into the realm of economic unsustainability. Putnam consistently celebrates in his articles the emergence of "network capitalism" in East and Southeast Asia and argues that these countries demonstrate the validity of his point that networks of trust and mutual interest generate economic growth.⁷¹ The problem with this example is that by the middle of 1997, the East Asian and Southeast Asian economies had collapsed, and by the end of 1997, much of the economic world had decided that the cause of the collapse was "crony capitalism".⁷²

In short, the networks of trust and mutual cooperation in Asia that Putnam is so supportive of were taken to their logical conclusion of irrational economic actions inspired by economic decisions that were made with a logic other than economics at heart. This is probably why in his recent book Putnam (2000) no longer points to this example. And this is precisely why Adam Smith in his 1776 *Wealth of Nations* argued so strongly against the kinds of social networks among economic actors that Putnam and his followers now celebrate. Smith argued that such relationships were akin to monopolization and would necessarily generate a group whose "interest is, in this respect, directly opposite to that of the great body of the people".⁷³ In fact, he argued that too much trust between economic actors was a recipe for economy-stifling cartels and monopolizations—a prediction that seems to have been borne out by the experience in Asia. Similar concerns were again voiced by

⁷⁰ Weber, Max. 1925. *The Theory of Social and Economic Organization*. Reprint 1993. Ed. Talcott Parsons.

⁷¹ Putnam: 1993b, 1995, 1996, 1998.

⁷² A Lorry-Load of Trouble in Asia 1997. *Economist*, December 6, pp. 93-94.; "Asia and the Abyss" 1997). *Economist*, December 20, pp. 17-18.

⁷³ Smith, Adam. 1776. *Wealth of Nations*. Reprint 1993. New York: Oxford University Press. p-307.

Weber in 1925,⁷⁴ but his criticisms went beyond simple exclusions and monopolizations to stress that such trust-based networks further distort and hamper growth within the economy by inviting free-riders from within the relationships not to work as hard as they might, or have to, if they were not connected.

But, the biggest flaw in Putnam's argument comes not from East Asia or the theories of political economists, but from the empirical realities of American life. Three components of Putnam's arguments with regard to social capital and economic prosperity are important here: first, that social capital promotes economic growth; second, that social capital is declining in the United States and has been since the early to mid 1960s; third, that inner city areas lack social capital, which is one of the principal reasons they are poor. I will address these arguments in turn.

In perhaps the most thorough cross-country empirical examination of the relationship between social capital and national economic wealth—one that Putnam cites as supporting his argument—Knack and Keefer find a statistically significant positive relationship between levels of trust in a society and rates of economic growth. This is not surprising, since trust at the level of the society should limit the costs of economic transactions within any given society. Important for this discussion, however, they also found that “associational activity is not correlated with economic performance”⁷⁵ and that “promoting horizontal associations through encouraging the formation of and participation in groups may be counterproductive, according to our findings”.⁷⁶

Within the United States, the evidence is not any more convincing. In his recent book, Putnam constructs a “Comprehensive Social Capital Index”⁷⁷ in which each state is ranked along a spectrum of very high to very low in terms of social capital. Of the 10 states he ranks as having the highest social capital in the country, only 3 have a per capita income higher than the per capita income for the entire country. Also, the mean per capita income of those 10 states is only 93.9 % of the country's per capita income.⁷⁸ Clearly, there are many explanations for why these states are significantly poorer than the nation as a whole, and it is definitely not the argument here that social capital hinders economic prosperity. But if social capital is important in promoting economic prosperity, then surely the data would look different from this.

⁷⁴ Weber:1925, 1993 edition.

⁷⁵ Knack, Stephen, and Philip Keefer. 1997:1252.

⁷⁶ Knack and Keefer:1997:1284.

⁷⁷ Putnam:2000.

⁷⁸ Wills:2000.

Social capital's utility in development studies began to be recognized only during the 1990s when the concept was rediscovered by social scientists and the World Bank. It has since been applied in studies of development throughout the world. The strength of social capital is thought to be important in several ways, including encouraging greater civility in public life, increasing the accountability of governments to their peoples, and as a force for democratization and finally facilitating development.

According to Portes and Landolt,⁷⁹ there is no generalized formula to put social ties to use in development. Instead, successful projects must be achieved one at a time by combining existing grassroots networks with careful provision of resources and external guidance. The latter cannot simply come down from the top in the form of developmental formulas, but must be embedded in the local environment, incorporating its definitions of the situation and its priorities. Portes argues, thus limited, social capital may have a significant role in development and may help multiply the collective return on resources invested for this purpose.

With the resurgence of interest in economic growth and its determinants, attention has come to be focused on factors beyond those more narrowly identifiable as "economic". One argument has been that societies may be endowed with the social as well as physical and human capital, and that the form and strength of social capital is an important potential predictor of long-run economic performance. The *World Bank Development Report 1997* notes:

"The debate about the contribution of social capital to economic and social development is just beginning, and the early evidence is by no means unambiguous. But some studies are already demonstrating its potential impact on local economic development, on the provision of local public goods, and on the performance of public agencies."⁸⁰

The suggestion by World Bank is that social association includes informal rules, norms, and values that facilitate coordinated action for the members of the society, and enables cooperative ventures that would otherwise be infeasible. It therefore becomes a matter of considerable importance to economic development both that the form such rules take be appropriate, and that such social capital be recognized as an asset or factor of production in the developmental process in its own right.

Fedderke et al suggest that there are good reasons to believe that social capital and the form of state institutions and the political culture of a society are systematically related to

⁷⁹ Portes, Alejandro; Patricia Landolt, *Social Capital: Promise and Pitfalls of Its Role in Development* *Journal of Latin American Studies*, Vol. 32, No. 2 (May, 2000), 529-547.

⁸⁰ *World Bank Development Report 1997*:114

one another.⁸¹ In the first possible link between social capital and the state they suggest that the state may play an important role not only in the formation of social capital, but also in its maintenance.

Gurpreet Mahajan's article⁸² analyses the debate around state-civil society relationship in modern Western and Indian political discourse, and points out the gap between the 18th and 19th century political thinking and later 20th century political thought. The second half of the 20th century, the author writes, is characterized by a loss of faith in the institutions of the state and looks towards civil society to preserve essential human and democratic rights. As against this, the paper advocates a return to an earlier right-based conception of civility by enforcing universal laws through the instruments of the state. Since the states alone can create the conditions necessary to protect the institutions of the civil society from internal disruptions, the paper argues against detachment of civil society from the State. Instead, the author writes, the institutions of civil society are very much part of democratic constitutional State, which alone will ensure social equality and non-discrimination along with individual liberty. So, here also we can see the state as enabling civil society to perform.

Woolcock and Narayan trace the evolution of social capital research as it pertains to economic development and identify four distinct approaches the research has taken: communitarian, networks, institutional, and synergy.⁸³ The evidence suggests that of the four, the synergy view, with its emphasis on incorporating different levels and dimensions of social capital and its recognition of the positive and negative outcomes that social capital can generate, has the greatest empirical support and lends itself best to comprehensive and coherent policy prescriptions.

A number of scholars have proposed what might be called a *synergy view*, which attempts to integrate the compelling work emerging from the networks and institutional camps. Although the synergy view traces its intellectual antecedents to earlier work in comparative political economy and anthropology, its most influential body of research was published in a special issue of *World Development* (1996).⁸⁴ The contributors to this volume examined cases from Brazil, India, Mexico, the Republic of Korea, and Russia in search of the conditions that foster developmental synergies—dynamic professional alliances and

⁸¹ Fedderke, Johannes; Raphael de Kadt; John Luiz, 1999. Economic Growth and Social Capital: A Critical Reflection, *Theory and Society*, 28 (5) Oct. pp-709-45.

⁸² Gurpreet, Mahajan, 2003. "Civil Society and its Avatars: What Happened to Freedom and Democracy?", In Elliott, Carolyn M. ed. *Civil Society and Democracy: A Reader*, OUP, N. Delhi. p-167-90.

⁸³ Woolcock, Michael; Deepa Narayan: 2000: 225-49.

⁸⁴ *World Development*, 1996. Vol. 24 no. 6, pp-1-

relationships between and within state bureaucracies and various actors in civil society. Three broad conclusions emerged from these studies:

- Neither the state nor societies are inherently good or bad; governments, corporations, and civic groups are variable in the impact they can have on the attainment of collective goals.
- States, firms, and communities alone do not possess the resources needed to promote broad-based, sustainable development; complementarities and partnerships forged both within and across these different sectors are required. Identifying the conditions under which these synergies emerge (or fail to emerge) is thus a central task of development research and practice.
- Of these different sectors, the state's role in facilitating positive developmental outcomes is the most important and problematic. This is so because the state is not only the ultimate provider of public goods (stable currencies, public health, universal education) and the final arbiter and enforcer of the rule of law (property rights, due process, freedom of speech and association) but is also the actor best able to facilitate enduring alliances across the boundaries of class, ethnicity, race, gender, politics, and religion.⁸⁵

Instead of assuming a zero-sum relationship between government involvement and private cooperative efforts, the five articles in *World Development* 1996 argue for the possibility of "state-society synergy," that active government and mobilized communities can enhance each other's developmental efforts. Evan's article draws on those articles to explore the forms and sources of state-society synergy. Evans argues that synergy usually combines complementarity with embeddedness and is most easily fostered in societies characterized by egalitarian social structures and robust, coherent state bureaucracies. He also argues, however, that synergy is constructible, even in the more adverse circumstances typical of Third World countries.

"State-society synergy" can be a catalyst for development. Norms of cooperation and networks of civic engagement among ordinary citizens can be promoted by public agencies and used for developmental ends. Figuring out how such public-private cooperation might flourish more widely should be a priority for those interested in development.

It is evident by now that social capital has constituted one of the most diversionary intellectual fashions in the development business over the past decade. The term has enormous intuitive appeal. The World Bank, in particular, adopted it rapidly. Considerable resources were then deployed in finding a use for it, and defending that use. A decade later, it is very hard to find evidence that all this effort has improved either our analytical or our

⁸⁵ Woolcock, Michael, 1998:151.

practical understanding of the world. There are still radical differences in interpretations of the term, and a strong case to be made that, except for some symbolic recognition of the idea that 'social relationships affect the outcome of development activities', the concept serves no socially useful purpose at all. One of the more insightful and readable critiques is by John Harriss. This book⁸⁶ is a critique of Robert Putnam's notion of "social capital", which has become something of a buzzword. The phrase refers to intangible economic resources of trust and reciprocity, which inhere in social relationships and, it is argued, ground successful transitions to modernity.

Harriss argues that Putnam, a populariser, elaborates a concept of social capital implicitly prescribing a development intervention that strengthens civil society and ignores the state. Social capital becomes the "missing link" of development. The World Bank likes "social capital" since it corrects the neo-classical stress on an unfettered free market which formed the cornerstone of disastrous Bank and Fund policies in the 1980s. The charm of "social capital" is that it does not force these agencies to back the state in rebound. Harriss also argues that communitarianism, with its anti-statist bias, adds weight to the World Bank's espousal of the notion of social capital.

The problem, the author convinces us, is that social capital is never good for society as a whole — it helps specific groups to the disadvantage of others. Social capital has been criticised for its lack of precision and poor explanatory ability. Putnam's historical inaccuracies and biased perspective have also drawn harsh criticism. Recent reviews of the notion of social capital have proved that often it was the benign coercion of state institutions which fostered the growth of social capital and that social capital cannot be a cause of development.

The World Bank theme website adopts a few distinctions based on these criticisms, differentiating between "bonding", "bridging" and "linking" variants of social capital. Bonding social capital within specific communities is seen as injurious to development as a whole, and therefore needs to be discouraged. Bridging social capital working across community boundaries is the most beneficial and should be facilitated through NGOs. Linking social capital between communities and representatives in the state apparatus falls into disfavour.

Harriss explores the origins of the idea of the social capital and its diverse meanings. His book asks why is that such an apparently commonplace idea should have been elaborated and made complicated and mystifying—in the way that it has been, and it explores the

⁸⁶ Harriss, John:2001.

purposes that are served by it. In the end, the book aims to show how the work of often very clever and well-intentioned social scientists derives from and contributes to a hegemonic social science that systematically obscures, power, class and politics. The book argues, “Social capital and the closely related idea of ‘trust’ and the ideas and activities around ‘civil society’ (held to be the sphere of association, outside the state, in which people freely participate), ‘participation’, and non-governmental organizations have come to constitute new weapons in the armory of ‘the anti-politics machine’ that is constituted by the practices of ‘international development’. They are clever ideas which suit the interests of global capitalism because they represent problems that are rooted in differences of power and in class relations as purely technical matters that can be resolved outside the political arena. They are directed in particular, therefore, against movements of the political left for progressive socio-political and economic change, that do identify the roots of poverty and social deprivation in class differences”. In conclusion, Harriss writes that in the contemporary discourse on development articulated in international agencies, notably the World Bank, there is a good deal of emphasis upon the virtues of ‘participation’, sometimes taken as implying also ‘empowerment’, and upon ‘decentralization’, which is seen either as the key means of realizing participation or sometimes as being more or less equivalent to it. These three buzz-words are used in close alliance with ‘social capital’ and ‘civil society’. He writes, “These ideas are painted as being ‘progressive’ and they are deceptively attractive. They are attractive because they imply active support for the ideas and the needs and the aspirations of the common people. Can one possibly be against participation and empowerment? But these ideas are deceptive because they are used to veil the nature and the effects of power, and—as I have argued in this book—that hold out the prospects of democracy (in ‘civil society’) without the inconveniences of contestational politics and of the conflicts of ideas and interests that are an essential part of democracy”.⁸⁷ He quotes Michael Edwards and David Hulme, who concede that, “there is increasing evidence that NGOs and grass-roots organizations do not perform as effectively as (has) been assumed in terms of poverty-reach, cost-effectiveness, sustainability, popular participation (including gender), flexibility and innovation”⁸⁸ and—as avowed partisans—they recognize that NGOs must address the problems surrounding their democratic accountability, and their relations to the political process. While being highly critical of ‘social capital’, Harriss is of the view, “A good deal of the policy literature on social capital reflects the idea of ‘people pulling themselves together from below without much help from government or their privileged

⁸⁷ Harris:2001:120.

⁸⁸ Edwards, M. & D. Hulme (eds.) 1995. *Non-Governmental Organizations—Performance and Accountability: Beyond the Magic Bullet*, Earthscan Publications, London, p.6. Quoted in Harriss:2001.

fellow citizens'—which is so convenient for those who benefit from cuts in social expenditure."⁸⁹ He points out that part of the enthusiasm for 'constructing social capital' and 'building civil society' is that they are consistent with the neo-liberal agenda of reducing the role of the state, partly so as to make possible large cuts in public expenditure.

There is another study on social capital and development by Krishna, which deserves to be discussed.⁹⁰ Krishna does not waste a great deal of time arguing around the concept itself, although a very clear and insightful critique of much of the literature is implicit in the way he presents his own work. He concentrates not on the term itself, but on the real question that should lie behind our use of it: what are the factors that increase the propensity of poor people to engage in collective action to achieve common development goals? His data come from an extremely detailed study of 69 villages in Northern India. The book is a model of how to present the results of rigorous social science research in an accessible fashion without obscuring the significance of the important methodological choices that have been made. One can summarize his main findings, but not do justice to the elegance with which they are presented:

1. Social capital is a concept, not something tangible that actually exists in the real world. Forget any idea of trying to measure social capital in the abstract. Concentrate rather on defining and measuring different concepts of social capital - a predisposition to cooperate for collective purposes - to suit particular contexts.
2. The Indian state is actually very generous with funds for rural development, but lacks the capacity to ensure these funds are well spent. A major source of differential welfare between Indian villages is their relative capacities actually to organize themselves to engage with the state, obtain a share of these funds, and spend them usefully - on roads, schools, clinics, irrigation, water supplies, land development, etc.
3. The relative abilities of different villages to access these funds are determined by the interaction of two main, measurable variables. One is 'social capital' - an aggregate, multi-dimensional variable of the predisposition of villagers to act locally in the collective interest. Villages that can get their collective act together have more clout in both the electoral and the bureaucratic arenas. The second main variable is the extent to which individual villagers are endowed with what Krishna calls 'new leaders'. Unlike 'old leaders', these 'new leaders' base their power and influence not on inherited family or caste status and wealth, but on their ability to act as intermediaries between villagers and external political and bureaucratic

⁸⁹ Harriss, J.:2001:122.

⁹⁰ Krishna, A. 2002.*Active Social Capital:Tracing the Roots of Development and Democracy*.Columbia:NY

organizations. Interpersonal skills, literacy, education and sheer willingness to work hard at the job are the prerequisites for the success of these 'new leaders'. 'Social capital' alone is useful but not very effective. The same is true of an endowment of 'new leaders'. It is the combination of the two that really turns villages into powerful collective actors for the purposes of accessing state resources.

4. The bases of effective collective action however vary from activity to activity. This same combination of high levels of social capital and 'new leaders' is also very effective in increasing the level of participation of villagers in electoral politics. Social capital alone has a powerful influence on keeping villages free of internal conflict and dispute. But, when there are conflicts and disputes, they are most effectively settled by a different kind of local institution: the non-formal but highly institutionalized village councils, dominated by 'old leaders'.

People interested in rural India will find Krishna's book fascinating for a different set of reasons. He provides some very powerful evidence of how local politics are changing radically under the combined impact of: the rapid spread of formal education to lower caste groups over the past two decades; the multiplication of government rural development and anti-poverty programmes and of the funding to support them; and growing inter-party political competition. But it is through Krishna's practical contributions to the debate about social capital that this book has an international impact. Apart from all else, it provides an invaluable basis for understanding the significance and value of a great deal of other empirical research in the field.

Krishna argues that social capital matters for development performance, but capable agency is required for making social capital productive. In the absence of such capable agents, social capital remains a latent resource, an unrealized potential for mutually beneficial collective action. Agency helps to make social capital active. Investing in the stock of social capital is unlikely to be very productive unless steps are taken at the same time to enhance agency capacity.⁹¹

In yet another essay Krishna examines how well locally-defined measures of social capital (such as membership in labor-sharing groups, dealing with natural disasters, and reciprocity) explain the outcome of development programs in villages in four regions in

⁹¹ Krishna A.:2002:31.

Rajasthan. He finds that high levels of social capital are necessary, but not sufficient for explaining the success of development programs.⁹²

In their paper, 'Cents and Sociability: Household Income and Social Capital in Rural Tanzania',⁹³ Narayan and Pritchett measure village level "social capital" in rural Tanzania using data from a household survey designed to measure trust and the extent and characteristics of associational activity.

Their study shows that higher village social capital is associated with higher levels of individual's incomes, even after controlling for household education, physical assets, and village characteristics. They argue that the quantitative effect of social capital is surprisingly large: a one standard deviation increase in village social capital predicts expenditures per person (their proxy for income) increase by 20 to 30 percent for each household in the village. This impact is as large as tripling either the level of education or stock of non-farming physical assets. Three strands of evidence are suggested for a link between social capital and income: i) only the social capital of the household's village, not of the household itself is related to incomes, ii) instrumental variables estimates are used to purge the potential joint endogeneity of incomes and social capital: iii) proximate mechanisms are identified through which social capital affects incomes. These include better publicly provided services, greater use of modern agricultural inputs, more community activity on roads, greater use of credit in agriculture.

Torsvik's⁹⁴ critique of Putnam (1993b), Narayan and Pritchett (1999), and others who apply the concept of social capital, is that they do not discuss with enough care and rigour *why* we should expect civil social capital to enhance economic production. These authors allude to different explanations, but they do not develop the formal structure of the mechanisms they mention. Narayan and Pritchett, for example, mention five different reasons why a high quantity and quality of associational life can facilitate economic activities. All five reasons are discussed within the length of a page. The aim of Torsvik's paper has been to demonstrate how important it is to spell out the formal structures of the mechanisms that link social capital and economic development. It is not sufficient to allude in a vague manner to trust and cooperation. Torsvik emphasizes the need for a clear

⁹² Krishna, A. 2004. Putting Social Capital to Work: Agency and Development, in Sanjeev Prakash, & Per Selle, eds. *Investigating Social Capital*, Sage publications, New Delhi. P-207-31.

⁹³ Narayan, Deepa; and Lant, Pritchett. 1999. Cents and Sociability: Household Income and Social Capital in Rural Tanzania, *Economic Development and Cultural Change*, 47 (4) July, p-871-97.

⁹⁴ Torsvik, Gaute. 2004. Social Capital and Economic Development: A Plea for Mechanisms, In. Sanjeev Prakash, eds. *Investigating Social Capital*, Sage Publications. p-260.

definition of social capital and an explicit specification of what trust is and why it is important for production.

Heller in his paper⁹⁵ provides a good example of the way in which qualitative data on social capital can be used to augment quantitative studies in order to gain a greater understanding of social capital in a specific area. In his paper, Heller argues that state intervention and class mobilization in the state of Kerala have produced two forms of social capital. Kerala's high level of social development and successful redistributive reforms can be interpreted as a direct result of mutually reinforcing interactions between a programmatic labour movement and a democratic state. This synergy between state and labour has also created the institutional forms and political processes required for negotiating the class compromises through which redistribution and growth can be reconciled. These dynamics are explored through a close examination of both the organized factory sector and the unorganized (informal) sector.

In an emphatic manner, but without any clarity Else Oyen argues that Social capital formation among poor can lead to poverty reduction.⁹⁶ Whereas we find a more elaborate discussion in M. Lissette Lopez and Carol B. Stack's essay who adopt a formulation closer to Pierre Bourdieu as "social relationships and trust that enable people to gain access to resources",⁹⁷ leading to an emphasis on cultures of power and how social capital (of Bourdieu's form) may empower poor citizens with the capacities to resist or invert such power relationships.

While analyzing the social capital, democracy and development relations, Niraja Gopal Jayal examines⁹⁸ collective action for forest conservation in the Tehri Garhwal district of Uttaranchal, a region which has a strong tradition—reinforced by the legacy of the Chipko and Sarvodaya movements in the region—of local institutions for formulating the implementing rules relating to the use of natural resources and imposing sanctions for their violation. The essay presents a strong positive account of villagers self-organizing for the conservation of forest resources over a twenty-year period, and for other community purposes, through a number of voluntary organizations such as the Van Suraksha Samiti and Mahila Mangal Dals. However, in recent years, external linkages in the form of panchayats

⁹⁵ Heller, P. 1996, 'Social capital as a product of class mobilization and state intervention: industrial workers in Kerala, India', *World Development*, 24 (6) p-1055-71.

⁹⁶ Oyen, Else.2002. *Social Capital and Poverty Reduction*, UNESCO, p-9-14.

⁹⁷ Lissette Lopez M and Carol B. Stack. 2001. In. Saegert. Susan.; J. Phillip Thompson, and Mark R. Warren. Eds. *Social Capital and Poor Communities*. New York: Russell Sage Foundation, p-54.

⁹⁸ Jayal, Niraja Gopal. 2004. Democracy and Social Capital in the Central Himalaya: A Tale of Two Villages, in S Pai et al Eds. *Interrogating Social Capital: The Indian Experience*, Sage, p-71-96.

under the 73rd Amendment, have introduced disparities, differences and even divisions in the community. The new panchayats are seen as introduced 'from above' and so rendered less rather than more accountable. Factionalism is induced by the availability of government funds, and talk of commissions and kickbacks from government programs suggests a lack of transparency. Decentralization has, Jayal argues, rendered people insecure instead of empowering them. The result has been a breakdown of earlier trust and cooperation; many households do not help in case of a fire or any other disaster, they fail to attend meetings of traditional local institutions as they did in the past, and have ceased to observe customary rules regarding cutting of trees. In short, the study points to a depletion of the social capital that the villages formerly manifested, and on the basis of which they managed their affairs successfully. Thus, the study suggests that social capital is a dynamic category that can change over time.

Does social capital, Putnam-modeled, make democracy work better? For more, if not all, of us, democracy is by definition empowering. It is an intrinsic good and an unqualified desideratum. A logical corollary of this argument has been the belief that development should be decentralized, and that the task of determining local development priorities should devolve on institutions of local self-government, because these can better represent and fulfill the aspirations of the people. There has also been a tendency to assume that these conditions having been achieved, the twin tasks of democracy and development may be simultaneously accomplished. And if this fairytale ending was facilitated by an already pre-existing stock of social capital, we would have arrived at the formula in which social capital, democracy and development could be nearly bundled together and packaged as a model for replication.⁹⁹

Jayal further argues that ground reality alas is infinitely more complex and unpredictable. It resists and even thwarts attempts to fit it into theoretical straitjackets. Thus, even in situations where a reasonable reservoir of social capital exists, it does not necessarily or inevitably make for the successful functioning of democratic institutions, in terms of enhanced development performance or even simply greater governmental responsiveness. On the contrary, the field-work on which Jayal's essay is based suggests that the recent establishment of democratic institutions at the local level, and the channelizing of development funds and programs through these, have set in motion processes that tend to deplete—rather than enhance—the pre-existing reserves of social capital. Sometimes, this can almost irreparably damage the delicate social and moral fabric of community life.

⁹⁹ Jayal:2004:75.

Therefore, the relationship between social capital and development is context dependent. There is no single model for all.

The Idea of Participatory, Community Development may be misleading¹⁰⁰

The ideas of social capital and of civil society are important themes in a wider discourse having to do with participation (and hence, supposedly, with ‘empowerment’) in development, and also with decentralisation of governmental authority (beyond deconcentration of administration) This is a discourse which holds that development which is built up ‘from the grassroots’ will be both informed by and be responsive to people’s ideas, needs and interests. Decentralisation is thought to be, if not a condition for such development, certainly a powerful facilitator of it.

It arises in part in response to the perception of the practical and moral failures of top-down development, imposed by external agencies (whether well-meaning, or not). It is a discourse which looks to action by and in communities (usually taken to refer to neighbourhoods). Hence, at least in part, the enthusiasm for the idea of social capital understood as meaning essentially ‘horizontal voluntary associations’- because they should help to build norms and values that will be conducive to the solution of problems of collective action. And given the near equation of meaning between social capital and civil society what is held (as for example in the World Bank paper which outlines the argument that social capital constitutes the ‘missing link’ in development) is that the development of local organisations means strengthening or consolidating civil society, and that this will have all sorts of positive developmental outcomes because it should make both for participation and greater responsiveness on the part of government agencies.

It is well to be aware of the limitations of some of these ideas. First, there is by now substantial empirical evidence and theoretical reasoning which warns us that communities/neighbourhoods are often *not* the sites of reciprocity, mutuality and of collective action, because they are divided by differences of class and identity. There is of course little that is really ‘new’ in the present day development discourse and in one of its earlier avatars, as ‘community development’ (one of the pillars of rural development in India, for example, in the 1950s) participatory development is known often to have failed altogether either because programmes were taken over and used for their benefit by local power holders, or because people simply would not contribute time and effort to activities that would benefit mainly the wealthier and more powerful people. (Of course it also possible that identity/class differentiation facilitates certain types of collective action. as in

¹⁰⁰ This Section draws heavily from Harriss:2001.

those Andhra Pradesh villages in which Robert Wade¹⁰¹ found local resource users' associations. These associations were in part projections of the dominance of one particular caste community). Second, and otherwise, it may well be the case that in some neighbourhoods/communities there is a lot of mutuality and reciprocity, but that this resource, on its own, does not lead to very much. Third, 'strong' community ties, not uncommonly, constrain enterprise and initiative, and may be associated with social exclusivism.

Both theoretical consideration and an increasing volume of empirical evidence suggest that for the potentials in local organisation (or 'horizontal voluntary association') and community action to be realised - or in other words, in order to realise the potentials in local social capital - other actors have to be involved as well. This is the point which the World Bank's social capital theorists have now sought to recognise when they argue that for positive developmental outcomes there is a need both for 'bonding capital' (relating to the network of relationships within a group of people), and for 'bridging capital' (or in other words strong external connections, as well).

A series of comparative studies (in six countries of Asia and Latin America, plus Hungary) recently undertaken by Peter Evans and his associates¹⁰² show that the capacity for collective action (in pursuit of sustainable livelihoods, or 'livability') in a community of people is not (as Putnam's Italian work suggested) a matter of historical endowment, but can be constructed, even in unlikely communities. One condition for the construction of this capacity is that the achievement of some common end should appear to be a feasible possibility, but much also depends on the context of a community: the studies 'caution us against over emphasising the degree to which the capacity for collective action is a historical endowment (but) they also underline inescapable differences across communities depending on the social and the human resources that they can command'. While the energy for change lies within the community it has to be complemented 'by broader sets of ideas and organisation'. External linkages, which may operate through NGOs, social movement organisations, political parties, or informal connections through individuals with bases outside the community, 'play an essential role in enabling communities to become effective agents of livability. *Romantic visions in which individual communities can somehow resolve problems of livelihood and sustainability on their own are politically misguided and a political disservice*'. Evans notes that the role of political parties is 'both more ubiquitous and much more complex' than those of the other agents which may be involved. He

¹⁰¹ Wade, R. 1990. *Governing the Market*. Princeton, NJ.

¹⁰² Evans & Co.:1996.

concludes that: 'Suggesting that parties are the solution to communities' needs for external linkages would be foolish. Control, clientelism and co-optation and the quest for partisan advantage play much too large a role in the repertoires of even progressive parties. Nonetheless, it would be equally foolish for activists and community leaders to ignore the possibilities that party structures afford and the way that oppositional parties can open up the larger political environment for new discourses and new forms of participation'. And to underline this point about the centrality of political action Evans and his co-researchers also find that 'allies within the state are crucial resources for communities and other social groups' working towards sustainable livelihoods. (especially when communities mobilise against powerful private interests). This is what the idea of 'state-society synergy' means: 'It is shorthand for the myriad concrete relationships of mutual support that connect communities, NGOs and social movements with individuals and organisations inside the state who put a priority on livelihood and sustainability', though this should not be taken to imply that conflict is absent from the relations of communities and state agencies. Quite to the contrary, paradoxically, 'conflict is likely to be first and foremost with agencies that are supposed to be part of the solution'.

In sum, Evans and Co¹⁰³ show that the realization of the potentials in the energy of local communities depends upon their relationships with a number of other agents, amongst which political and state actors are the key players. Tony Bebbington's detailed studies of rural development in the Andes reach the same conclusion. Where he finds 'islands of sustainability' in the Andes he identifies several common factors. One is the production of high-value commodities for middle class and elite markets. Another critical factor is 'the existence of local organizations, and of external actors who have networks of contacts with non-local institutions'. And he notes that an important aspect of the role of 'indigenous (local) organizations' in this case is that they have challenged, negotiated and influenced 'dominant institutions that marginalize the rural poor', initially by invoking 'claims for rights (including land rights) against the hacienda, the church and the state'. In other words, they have played a very important political role. Bebbington has argued that 'Putnam's - and other - discussions of social capital often understate the "rawer" questions of political economy and violence. Indeed, one of the most critical 'resources' that people need to access is the legalization and continuing recognition by government, military and society of rights of organization and association. Without these, struggles for access are quite likely to be unsuccessful'.

¹⁰³ Evans & Co.:1996.

Richard Crook and Alan Sverrisson¹⁰⁴ have reached comparable conclusions in their recent review of evidence concerning experiments with decentralisation in a number of countries. Where it can be shown that decentralization has been effective both in deepening democracy and in promoting poverty alleviating development (notably in the Indian state of West Bengal) it is in circumstances in which the interests of poorer people are supported from outside: 'We would emphasise the over-riding significance of the politics of local-central relations... as the major determinant of the differences between the successful and unsuccessful cases... Accountability and responsiveness to the poor is still most likely to emerge locally where representation of their interests can be supported externally, in the context of a conflict between local and central forces with different power base:

Harriss has rightly pointed out in concluding part of his book¹⁰⁵ that while all societies have the sorts of resources which have been labelled as 'stocks of social capital' the implications and, in a sense, the 'value' of these resources is entirely contextually dependent. Local organization or community action on their own are liable to be ineffectual, or to be vehicles for the interests of more powerful people, in the absence of significant external linkages, especially (not exclusively) through political organizations. Civil society is established in relation to institutions which are defined by the state. And the arguments: (i) which call for 'participation'/'community action'/'action in civil society' in isolation from or as an alternative to state action; or (ii) which more or less equate these with 'decentralization', and take that to mean the withdrawal of the state at the centre; or (iii) which suggest that 'stocks of social capital'/'vibrant civil society' are conditions for the establishment of effective democracy and 'good government', are misleading - and it is quite misleading to suggest that 'social capital', understood a la Putnam, to mean 'local voluntary association', is the key condition for 'health, wealth, wisdom and happiness' (i.e .development.) in a population. The realization of the potentials of participative, community-level action depends upon the establishment of a political context which secures the rights of less advantaged or less 'resource-full' people, often against local power-holders; and which creates conditions for the existence of deliberative democracy. The successful realization of the potentials of participative, community-level action also involves networks amongst actors at different levels and in different sites, including especially local organizations, political parties and state agencies, and social movement organizations.

¹⁰⁴ Crook, Richard and Alan Sverrisson 1999. *To what extent can decentralized form of govt. enhance the development of pro poor policies & improve poverty alleviation outcome.* Working paper, Institute of Development Studies, Sussex, Brighton, UK.

¹⁰⁵ Harriss:2001:122-23.

I would like to give an example of the kind of process which is involved (in the ‘realization of the potentials of participative, community-level action’. Kerala’s experiment with democratic decentralization¹⁰⁶ has increased ‘participation’, in the sense that it has involved more people in decision-making about matters of public concern. What is especially remarkable about it is the way in which planning has been used as a means of encouraging participation and social mobilisation. Perhaps it has drawn on existing ‘social capital’ in neighbourhoods and communities (which might help to account for some of the differences that have appeared between parts of the state). Equally arguably, Harriss points out, it has been responsible for ‘constructing social capital’, and because of this, through the way in which it has drawn people in to what are clearly ‘civic endeavours’, it has ‘consolidated civil society’. But it has all taken place in the context of a political process in which different groups of actors at different social levels are all involved, not by ‘constructing-social capital-as-local-organisations’ and thereby ‘consolidating civil society’ in place of state action.

Social Capital in the World Bank’s Development Discourse

As the World Bank’s policy on economic development moved away from its earlier market centric approach and focused more on state and society, the concept of social capital became useful and full of promise. This led the economists of the Bank to confront the world of the ‘social’ in terms of trust, obligations, networks and norms, as a factor for economic development. To some, this was seen as a shift towards a more rounded understanding of development in comparison to what the Washington consensus embraced. To others, this shift—occasioned by and constitutive of the concept of social capital—was superficial, for the world of the ‘social’ was finally incorporated in the analysis but only in the economists’ terms.¹⁰⁷ World Bank is heavily committed to social capital as it moves, at least in rhetoric, from the neo-liberal Washington consensus to the apparently more state-friendly post-Washington consensus.¹⁰⁸

It does appear that, as deployed by the World Bank, the concept of social capital is sanitized of both social and political connotations. The idea of the ‘social’ in the Bank’s literature appears to be acontextual and ahistorical.¹⁰⁹ The rich and problematic world of the ‘social’ is not allowed to critically interrogate, let alone destabilize, the Bank’s economic analysis. In some sense, metaphors such as ‘missing link’ and ‘social glue’ become promises

¹⁰⁶ Isaac T M with R W Franke 2000. *Local Democracy & Development: People’s Campaign for Decentralized Planning in Kerala*. Delhi: LeftWord.

¹⁰⁷ Fine:2001.

¹⁰⁸ Fine, Ben. 2002. It Ain’t Social, It Ain’t Capital and It Ain’t Africa. *Studia Africana*, No.13, 2002, p.18-33.

¹⁰⁹ Pai et al:2004:21.

trapped within hegemonic circles. The ‘political’—defined in the rather limited sense of political regimes and civil and political liberties—is quite cheerfully incorporated into the idea of social capital itself! Not merely is development depoliticized, as Harriss has passionately argued, but there is something rather naïve about the enthusiasm with which social capital is embraced as ‘the missing link’¹¹⁰ that had thus far eluded development policy and implementation.

The social capital discussion and poverty discussion became increasingly coupled,¹¹¹ culminating in the WDR 2000/2001.¹¹² From the viewpoint of managers of the WDR, there was then a sufficiently well established empirical foundation on which it could ground arguments about social capital. Social capital became part of the WDR, used as the conceptual language to argue that people’s organizations and their linkages with formal governance institutions are critical for empowerment, inclusion and poverty reduction.

The section of the WDR on ‘empowerment’ in which the social capital discussion loomed large was deeply criticized from different ideological and political positions, for giving both inadequate and excessive attention to issues of power and governance. There could not be a more vivid demonstration of the ways in which the language of social capital is depoliticizing, than that which appears in these passages quoted from the World Bank’s *World Development Report 2000/2001*. Existing power structures are in fact taken as given. The possibility that through political organization and mass mobilization—which can both draw upon and help to construct ‘social capital’ (if you must)—poorer people might actually struggle against ‘exclusion’ and ‘lack of resources’, and so bring about change in the distribution of power and resources does not even enter into consideration.¹¹³

The revival of the concept of social capital in Putnam’s work had some probably unanticipated consequences. Foremost among these was its appropriation by the World Bank and other multilateral donor agencies that made it a central part of their lending strategies for developing countries. The Bank had discovered in social capital a new instrument for economic prosperity and sustainable development.¹¹⁴

The idea of social capital was really not an established part of the ‘development’ lexicon until about 1997. Now it is the subject of an attractive and well-produced website¹¹⁵ that is a

¹¹⁰ The term used by Grootaert:1998.

¹¹¹ Bebbington, Anthony & M Woolcock. 2004. Exploring Social Capital Debates at the World Bank, *The Journal of Development Studies*, 40 (5) June, p-33-64.

¹¹² *World Development Report 2000-2001*. Washington D.C. World Bank. An influential input into that report, the ‘Voices of the Poor’ study, was also led by Deepa Narayan [2000].

¹¹³ Harriss:2001:12.

¹¹⁴ Pai et al:2004:19.

¹¹⁵ accessible at: www.worldbank.org/poverty/scaptical

mine of information, and deserves careful critical reading. The home page carries the headline: 'Increasing evidence shows that social cohesion –social capital- is critical for poverty alleviation and sustainable human and economic development', which strikes one immediately as a rather conservative statement ('Social order is good for you'). It also reflects the view of 'social capital' advanced by Putnam. A prominently displayed box defines social capital as 'the norms and social relations embedded in the social structures of the societies that enable people to coordinate action to achieve desired goals'. The Home Page connects the reader to a series of articles about social capital: 'What is social capital?' 'How is social capital measured?'; 'Why is it relevant to development?'; and 'Social capital and World Bank projects'.¹¹⁶

Harriss has tried to show the ways in which the representation on the website of these often fuzzy ideas studiously ignores and so obscures problems that have to do with class and power. It is perhaps most significant that, in so far as the ideas of the Evans group appear at all in these statements, they have been stripped of their strong emphasis on the socio-political contexts, including the extent of inequality in a society. There is not much evidence here that the idea of social capital is a Trojan horse capable of challenging the agenda of the World Bank.

Ben Fine as well as John Harriss has drawn our attention to the enthusiasm with which the World Bank embraces social capital and subsequently financed research programmes to further explore its theoretical dimensions as well as its potential policy relevance. Fine is very suspicious of the World Bank's motives. In his latest book,¹¹⁷ the interest of the World Bank is an important reason for Fine to warn the reader – especially those inclined towards the political left if there still is such a thing- to be wary of social capital. He starts his critique with the increasingly uneasy feeling within the World Bank with respect to the mounting criticism of the Washington Consensus, a criticism that reaches the inner core of the World Bank in 1995 in the person of its chief economist J. Stiglitz. The Washington consensus, which lies at the basis of all neo-liberal recipes, defended the idea that even if the market is an imperfect instrument to solve economic problems, state interferences would be even worse. The failure of many structural adjustment programmes and the increasing recognition of the strong role of the state in explaining the economic success of the Asian Tigers led to mounting criticism of the Washington Consensus. According to Fine, the concept of social capital offers the possibility of an analysis and a solution to the problem of economic stagnation which did not include the state. Having adopted social capital the World Bank

¹¹⁶ Harriss:2001:84.

¹¹⁷ Fine:2001

quickly took the lead as an outlet for social capital publications, many of which became important reference point in the social capital debates. Fine argues that, by employing social capital, the World Bank managed to respond to the mounting critique of its economic and social attitude. At the same time social capital was used in an economic manner catering to the dominant position of the economists within the world bank; and the involvement of the state was kept at bay because it was strongly believed that it would destroy initiatives which were beginning to blossom within civil society on the basis of social capital. To Fine's analysis, Harriss adds that the post-Washington Consensus led the world bank to adopt the concepts like civil society, decentralization, participation and social capital as the queen of them all.¹¹⁸ He fully agrees with Fine that, instead of acting as a Trojan horse within the economist's bulwark of the World Bank, social capital in fact led to a domestication of critical social science.

Fine¹¹⁹ has recently offered a critique of social capital and its supposed role in development, on the basis of World Bank's latest volume¹²⁰ promoting that notion. It is argued that Robert Putnam's call, in his Foreword, for a lean and mean definition has signally failed. Attention is focused upon social capital's fungibility, in five different, if connected, senses its breadth of application across the social sciences, its ease of application from one context to another, its general transferability from one practice to another, its power to be selective in what it does and does not include, and its exclusion of meaning and context in its analytical categories.

Close examination of the material which is available on or accessed through the World Bank social capital websites confirms the arguments as a whole: that elaboration of the idea of social capital has mystified rather than clarified- but mystified to good effect from the view point of protagonists of economic liberalization and globalization. It is not clear whether we should consider social capital as being *constituted by*, or *residing in* social networks, or whether social capital is rather to be thought of as the *effects* of these networks. Reflections on this problem relates to another: whether social capital means anything at all apart from the context- notably the context of relationships of power. On one level, we are told, social capital resides in the entire structure of the institutions of a society. But it can then be specified only in terms of the metaphor of 'glue'; and it seems that all societies must, by definition, have social capital' in this sticky sense. World Bank specialists themselves tell us that social capital means many things to many people, and then they actually end up by

¹¹⁸ Harriss:2002:78

¹¹⁹ Fine, B, 2003. Social Capital: the World Bank's fungible friend, *Journal of Agrarian Change*, 3 (4) Oct. p-586-603.

¹²⁰ Grootaert & Bastelaer, Ed. *The Role of Social Capital in Development: An Empirical Assessment*. WB.

focusing on membership in groups or voluntary associations. Talking about social relationship as a form of capital no doubt has the effect of bringing them within the compass of the dominant mode of thought within economics. It is also clear that part of the attraction of the idea, and why it has taken off in the way that it has, is precisely that it is a capacious bag allowing for different understanding and different interpretations. This often makes for successful ideas in the development discourse (that of sustainable development, invoked on the social capital homepage, is another case in point.)

As we know that the Bourdieuan notion has been ignored by WB too, Fine rightly points out, the balloon of social capital only flies once any baggage remaining from Bourdieu is thrown out.¹²¹ But this is to say, of course, that the concept of social capital that has expanded through the social sciences is the one that fails to confront issues of class relation and power.

Toward a new understanding of social capital and community development

Social capital must be reconnected to economic capital for the term to have any meaning. Otherwise, we are not talking about capital at all. Loury's original use of the concept (1977) was part of this effort to demonstrate that the idea of equal opportunity was an impossibility. He was right. When his definition is combined with Bourdieu's (1985) understanding of capital as essentially about power, we can begin to approach policy and organizing efforts designed to rectify, or at least, mitigate, the inequalities in access to this form of capital, while simultaneously allowing these networks to realize the power needed to attract and control that capital (for the benefit of those in the networks). That is, while we need to create social networks to allow individuals to realize capital, those networks must ensure that the groups of people involved retain some control over the capital. Only in doing this can individual gains and interests be assumed to be synonymous with group gains and interests. Fortunately, such networks, and the organizations that are their focal points, already exist within the community development movement and need not be created from scratch. They are, however, rather limited in number and are small, often peripheral components of the much broader and more diverse movement. The utility of social capital is that it provides a framework for supporting and prioritizing these efforts over other parts of the community development field.

Microenterprise lending circles are an excellent example of how organizations can act as focal points for social networks to come together and have the power to make lending

¹²¹ Fine:2001.

decisions, and to allow individual members to realize capital from those networks.¹²² In a microenterprise lending program, borrowers tend to operate in borrowing circles that replace the more mainstream evaluations of creditworthiness with both peer pressure and character-based lending. Loan decisions are made by members of the borrowing circles, and the loans are used by individual members to create and expand forms of self-employment and microbusinesses. Individuals are thus able to realize capital through social networks, but the power to control capital is realized by the networks themselves.

Finally, in Community Development Credit Unions (CDCUs), individuals are able to use their membership to gain access to capital they would likely otherwise not be able to get,¹²³ while enabling the CDCU, and often its sponsoring organizations, to have more control and power over the flow of investment capital into the community. In the context of social capital, however, CDCUs do have a drawback in that the level of social interaction between members, and therefore the social networking that exists between them, is somewhat limited. This is particularly true for the larger, often more established CDCUs. Thus the CDCU, as a focal point for the social networks, often subsumes those networks, and interactions are between individual members and the CDCU.

Conclusion:

While neoliberalism is currently ascendant across much of the developing world, market-led strategies have tended to create sharp divisions between winners and losers. The resulting social polarization is incompatible with long term political and economic stability. Dissatisfaction with the results of neoliberal reforms is widespread and promises to simulate the continued search for alternative paths to development.

Despite the provocative assertion in the introduction of this chapter, I am not arguing here that social capital does not matter in development. Rather, I argue that with the privileging of Putnam's interpretations of social capital, the term has lost its potential utility for the development practices. In Putnam's understanding of the term, social capital becomes divorced from capital (in the literal, economic sense), stripped of power relations, and imbued with the assumption that social networks are win-win relationships and that individual gains, interests, and profits are synonymous with group gains, interests, and profits.

¹²² McLenighan, Valjean, and Jean Pogge. 1991. *The Business of Self-Sufficiency: Micro-Credit Programs in the United States*. Chicago: Woodstock Institute.; Servon 1999.

¹²³ Tholin, Kathryn, and Jean Pogge. 1991. *Banking Services for the Poor: Community Development Credit Unions*. Chicago: Woodstock Institute.; Williams, Marva. 1997. *Credit to the Community: The Role of CDCUs in Community Development*. Chicago: Woodstock Institute.

Putnam's framework is fundamentally economically flawed—which is not surprising given that he separates social capital from economic capital—and it enjoys limited support from either theories of political economy or the empirical realities of the United States. Also, Putnam's understanding, with its lack of power and conflict, has led to a misguided embrace of Eichler's consensus organizing and nonconfrontational organizing.¹²⁴ But this begs the following question: Why would those who benefit from the current structures that produce and distribute social capital willingly turn over their privileged access to it? We would not expect rich people to willingly turn over their mutual fund portfolios or, less hypothetically, embrace poor and nonwhite students in their schools without a confrontation. Why should we expect that this form of capital would somehow be different from the others? People who realize capital through their networks of social capital do so precisely because others are excluded.

The dominant view of social capital also abstracts it from context, and particularly from the context of power relations within society. Is it not perfectly possible - to give an example to make the point - that poor people may have 'large stocks' of social capital in the sense that there are dense social networks amongst them, and high levels of reciprocity and of trust, but that they are still denied access to, or cannot secure access to material resources? Their social capital really isn't 'worth' as much as that associated with the 'durable social relationships' obtaining between, say, the members of an elite club. (This is why Bourdieu suggests the idea of social capital in the context of an analysis of class differentiation) The de-contextualised concept of social capital which has become so popular as a development panacea obscures such issues of power, and therefore of politics.

Rather than assuming that social networks and relationships are win-win endeavors and that low-income people and areas are socially disconnected, we need to construct social networks that are truly win-win relationships for people in low-income areas, while building on already existing social networks and relationships. And we need to do so in ways that allow those networks to realize greater control and power over the flows of capital that play such an important role in shaping and producing American cities. Inner-city neighborhoods have social networks and trust between members of those networks, and they possess many nongovernment, community-based organizations. What they lack is power and the capital that partially constitutes that power. They are not likely to realize either without confrontation or within a Putnam-inspired framework of development discourse.

The concept of 'social capital' is thus connected to an ideal model of state action rather than an analysis which tries to understand the origins of the state and its limits. All over the

¹²⁴ Gittel and Vidal: 1998.

world, marginalized people in the developing world are engaged in political struggles over access to economic resources which are necessary for their social reproduction and cultural survival. As Peter Evans himself states, however, the concept of 'social capital' is not useful to theorists who want to understand these situations. As he unremarkably concludes in his analytical summarisation of the case studies: "If a community is riven by conflicting interests, the nature and meaning of social capital becomes more complicated" (Evans, 1996a: 14).¹²⁵

In sum, the idea was first popularized in development studies by Robert Putnam, whose ideas have been adopted by powerful multilateral lending agencies such as the World Bank. His ideas were shown to be flawed because his ideas devalue 'apolitical' forms of civil association, and reflect an anti-statist bias. The theorists of the developmental state have sought to correct this anti-state bias, arguing instead that the idea of social capital can be used in a more radical way to prove that the state is important in the process to create social capital and foster economic development. The notion of social capital, however, has been allowed by a theoretical convergence between Putnam's liberal paradigm and the new institutionalist work on the developmental state, and tends to lapse into empiricism. As a consequence, the notion of social capital fails to grip with some of the most important questions of social science, including the origin of social conflict.

¹²⁵ Evans, P. 1996a:14. "Introduction: Development Strategies across the Public-Private Divide." *World Development* 24(6): 1033-1037.

Chapter: V

Conclusion

Chapter 5

Conclusion

This study has dealt with the 'neo-liberal conception of civil society i.e. social capital and its consequences for democracy and development'. It has been divided into five chapters. The first chapter introduces the topic and relates civil society to the newly constructed concept of social capital. It reveals that how recent formulation of civil society is linked to the project of neo-liberalism. The chapter critically examines the neoliberal construct of civil society and its emphasis on social capital. It also tries to expose that how it serves a particular ideological agenda. It provides a critique of the contemporary usages of the concept. Nevertheless, this work aims to show how often the work of well intentioned social scientists derives from and contribute to a hegemonic social science that systematically ignores power, class and politics.

Of late, social capital has gained a lot of significance and is regarded as a vital component in developmental activities. Now it is proclaimed by the World Bank to be the 'missing link' in international development. The second chapter presents a conceptual analysis of social capital. It covers a wide range of literature on social capital. It deals with the meaning and various interpretations and critically examines its varied uses/abuses. The aim of this chapter is to give an overview of the concept of social capital, trace its origins, and identify different theoretical underpinnings behind the concept and its use in different areas. It deals in some detail with the understanding of the three main proponents of the social capital, namely Pierre Bourdieu, James Coleman and Robert Putnam. In the second section of this chapter I have presented a critique of social capital.

The third chapter discusses the relationship between social capital and democracy, and argues that the understanding of social capital that has become incorporated into democratic governance is the social capital of Robert Putnam, in which the term is both combined with notion of civil society and assumed to be a principal engine of democratic government and economic growth. The chapter reveals that Putnam's arguments, however, are deeply flawed and have little empirical or theoretical support. This chapter critically examines social capital and its relationship with associational life and democracy. The chapter also identifies the absence of political conflict, political institution, power and class relations as a peculiar feature of dominant social capital theorization in general and Putnam's account of Italian politics and history in particular, and we explore the implications of its absence for the theoretical conclusions Putnam reaches and the generalizability of the findings he presents.

The chapter also provides some empirical studies and argues that the relationship between social capital and democracy is context-dependent.

The fourth chapter on “Social Capital and Development” argues that contemporary interest in social capital by development theorists, funders, and practitioners, is misguided and needs to be thoroughly rethought. It argues that social capital, as understood by Robert Putnam and people influenced by his work, is a fundamentally flawed concept because it fails to understand issues of power, politics and class relations in the production of communities and is divorced from economic capital. Therefore, development practice based on this understanding of social capital is, and will continue to be, similarly flawed. Before making these arguments, however, this chapter briefly discusses the concept of social capital and how it has evolved through its use by Loury, Bourdieu, Coleman and then, ultimately, Putnam and his followers. The chapter discusses the meanings and uses of social capital and critically analyzes its relationship with development and argues that its recently acquired privileged position in economic development is misguided. It seeks to examine that how the World Bank is using this concept for its own purposes. To be specific, however, this chapter is not an argument that social capital does not matter or that it is not an important component in the production and reproduction of individual success and class status. Instead, the argument is that we need to be very careful about how we define and use the term social capital. The chapter further argues that instead of Putnam’s understanding of social capital, development practices would be better served by returning to the way the concept was used by Glenn Loury and Pierre Bourdieu and concludes with a discussion of how these alternative theories of social capital can be realized in development practice. The approach of this chapter is one which seeks to bring both the state and political agency back in.

While concluding, I reiterate the fact that the way much of the existing literature defines social capital tends to exaggerate its beneficial aspects. As Portes and Durlauf have noted, many have defined social capital in such terms that confuse its sources with consequences or its existence with functions. That is, the evidence of the existence of social capital is often inferred from its positive outcomes. As noted earlier, according to Coleman social capital is to be defined “by its functions” and Putnam viewed social capital in terms of “features of social life...that facilitate cooperation and coordination for mutual benefit.” This line of argumentation leads to circuitous reasoning--and exaggeration of the benefits of social capital. Social capital has its benefits and costs: it is not an unmixed blessing. It can lead to such adverse effects as exclusion of outsiders, excessive claim by insiders, restrictions of individual freedoms, and perpetuation of backward norms. The following further elaborates these points.

First, social capital that opens up opportunities for the members of the network, which is often based on ethnicity, religion, language, and profession, can at the same time constitute an enormous barrier to entry for others outside the network. There are many real world examples of this type of exclusion based on race and ethnicity. As cited by Portes, Waldinger, in his study of immigrant labor in New York City, notes that poor blacks do not have entry to jobs in construction and service industries for lack of access to the ethnic networks that control the recruitment process. While it can help the group members to safeguard their economic interests or perpetuate monopoly privileges, they certainly do not help society.

Second, while a close-knit group can be a source of economic dynamism for its membership, it can also dilute personal incentives to work hard. Social capital can lead to moral hazard and the creation of welfare-haven. It can help sustain the indolence and economic impoverishment of those who failed by the resources and hard work of those who succeeded. Social capital can be a safety net that can penalize success and reward failures.

Third, while group membership of a community has its advantages, it often enforces strict conformity, infringes on individual freedoms, and creates pressures for submission to mediocrity. Finally, network and group coordination can often lead to the establishment of a bad equilibrium of norms and values. When a bad equilibrium is established, role model and peer group influences tend to sustain it.

As the discussion in this work suggests, social capital has come to signify different things for different authors. Given the wide diversity of notions associated with the term social capital, the concept has remained largely vague and is yet to reach the clarity and precision required of a tool to be used for rigorous empirical work.

Notwithstanding this limitation, recent years have seen a mushrooming of a literature that applies many different notions of social capital to analyze many diverse economic and social issues. Despite its exaggerated claims, as Portes and Landolt (1996) rightly note, much of this literature does not go beyond calling attention to “the possible individual and family benefits of sociability” or “a nuanced understanding of the pros and cons of groups and communities.” The policy conclusions are often very banal. Durlauf (2002) is even more critical in his assessment of the empirics of social capital when he asserts that “whether these (social capital) studies establish the empirical importance of social capital in understanding the various socio-economic outcomes, my conclusion is no.” These assessments also need to be analyzed carefully. But there is no denying the fact that social capital does not explain clearly about democracy and development.

To move the literature forward, it would be useful first to get the concept right. It should begin with the acknowledgement that there is no single entity called social capital, but many distinct notions—such as trusts, norms, culture, community and networks—highlight the many different aspects of non-market social interactions. It is to be noted that recent works in this area seem to reflect this heterogeneity of perspectives, focusing on different aspects of social interactions and drawing distinctly different analytical and policy implications. However, to avoid confusion and to achieve greater analytical traction and empirical understanding, social capital studies need to proceed with a clear definition of the specific notion of social capital being applied. Notion of social capital which is in vogue fails to grip with some of the most important questions of social science, including the origin of social conflict, power, politics, state institutions and class relations.

As noted earlier, despite the recent proliferation of studies in social capital, this has not been accompanied by a commensurate increase in analytical rigor. Analytical rigor does not necessarily mean heavy reliance on quantitative methods. Current discourse on social capital obscures the profound class division, class exploitation and class struggle that polarize contemporary civil society. While neoliberalism is currently ascendant across much of the developing world, market-led strategies with the incorporation of concept of social capital have tended to create sharp divisions between winners and losers. The resulting social polarization is incompatible with long term political and economic stability. Dissatisfaction with the results of neoliberal reforms is widespread and promises to simulate the continued search for alternative paths to democracy and development.

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Gittel and Vidal:1998.

and distribute social capital willingly turn over their privileged access to it? We would not expect rich people to willingly turn over their mutual fund portfolios or, less hypothetically, embrace poor and nonwhite students in their schools without a confrontation. Why should we expect that this form of capital would somehow be different from the others? People who realize capital through their work of social capital do so precisely because others are excluded.

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The concept of social capital is thus connected to an ideal model of state action rather than an analysis which tries to understand the origins of the state and its limits. All over the world, marginalized people in the developing world are engaged in political struggles over access to economic resources which are necessary for their social reproduction and cultural survival. As Peter Evans himself states, however, the concept of social capital is not useful to theorists who want to understand these situations. As he unremarkably concludes in his analytical summarisation of the case studies: "If a community is riven by conflicting interests, the nature and meaning of social capital becomes more complicated".²

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² Evans, P. 1996a:14. "Introduction: Development Strategies across the Public-Private Divide." *World Development* 24(6): 1033-1037.

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